

**CITY OF MOUNTAIN VIEW
MEMORANDUM**

DATE: March 26, 2004

TO: City Council

FROM: Nadine P. Levin, Assistant City Manager

SUBJECT: COST RECOVERY (FEE STUDY) REPORT

EXECUTIVE SUMMARY

The City Council appropriated funds in the FY 2003-04 budget to conduct a Cost Recovery (Fee Study) in order to determine the total cost of providing a service, the revenue received from the recipients of the service and the General Operating Fund subsidy for those services. With this information, a policy decision can be developed regarding the appropriate cost recovery level and the resulting fee.

Maximus (a private consulting firm), a firm experienced in performing fee studies, was engaged to undertake the study. Their work was focused on services provided by the Planning and Building Divisions of Community Development, various divisions and sections of Public Works and the Recreation Division of Community Services. Additionally, the Hazardous Materials and Fire Prevention functions of the Fire Department were included. This memorandum includes all the fees except the Fire Department functions and they will be discussed in a separate report for Council's consideration on May 4, 2004.

Various cost-of-service methodologies and processes were employed depending on what was the most appropriate for the service area being reviewed. Overall, the Fee Study found that a 49 percent General Operating Fund subsidy exists in the aggregate from the service areas studied. Using actual numbers from the study, the current General Operating Fund subsidy for the services analyzed is \$3,322,000. This is arrived at by comparing revenue estimated to be generated at the current fee level against the full cost of the service.

Staff worked closely with the consultant on the study and developed the final fee recommendations for Council's consideration. In making pricing decisions, staff considered several variables, including:

- Elasticity of demand for the service.
- Economic incentives.
- Promoting identified groups to participate in services which they may not otherwise be able to afford.
- Supporting services whose benefits extend to the community as a whole in addition to the individuals receiving the service.
- Comparability with user fees charged in neighboring cities for similar services.

In determining pricing, staff took different approaches depending on the service area. These approaches are summarized below:

Planning Fees

The fee-related services have been separated into three groups:

1. The first group would apply to applications that involve larger developments with significant entitlement privileges. These fees would be set at a 100 percent cost recovery and represent half of the total planning fees.
2. The second group of fees are for smaller applications, those that generally involve single-family homeowners. These fees are recommended to be set at 50 percent of cost recovery.
3. The third group of fees are for services originally set by City Council at a significantly lower price due to the public purpose of the project and the limited perceived resources of the applicants.

A high-level summary of the recommended fee changes is included in the text of this memorandum and a greater level of detail is presented in Attachment A.

Building Fees

Currently, the General Operating Fund subsidizes approximately 9 percent of the cost of a fully staffed Building Division. Staff is recommending that the fees be increased to eliminate the General Operating Fund subsidy. Attachment B details the analysis of the subsidy and presents examples of the recommended building fee for specific types of construction projects compared to other local agencies.

Public Works Fees

Staff is recommending an overall approach in fee adjustments that will bring the majority of the fees to full cost recovery with the exception of services that provide general benefits (e.g., sidewalk permit fee). In addition to recommending specific fee increases, staff is recommending modification of the formula for two fees, plan check and construction inspection related to private development. Staff believes this formula change better reflects the actual cost of service for different size projects.

A summary of the proposed fee changes is included in the text of this memorandum and a greater level of detail is provided in Attachment C.

Recreation Fees

In making fee recommendations, the Community Services Department considered comparable information from other cities, the length of time since the fee was last increased and the amount the fee was increased. For the most part, where a service is provided free of charge, staff is not recommending a change.

Staff has recommended that some fees not be adjusted at this time. A summary of the fees recommended with an increase is included in the narrative portion of the memorandum and Attachment D provides a greater level of detail of all services reviewed.

Along with recommendations on fee increases, the memorandum presents an overview of the Fee Waiver Program, the impact to cost recovery and a potential set of recommendations for modification of the program.

In summary, the guiding principles in making pricing recommendations was to bring fees close to cost recovery in service areas other than Recreation and areas where a public benefit can extend beyond the benefit received by the direct recipient and to be comparable with neighboring communities. It should be noted that in seeking comparable information for all the services areas studied, several communities indicated they were

in the process of undertaking a fee study and some were waiting to see what other communities may do in the way of increases.

The chart below presents an overview of the impact of fee increases to the General Operating Fund subsidy by service area versus the current General Operating Fund subsidy. Overall, the subsidy would go from 49 percent to 33 percent with the fees as recommended.

<u>Service Area</u>	<u>Estimated Revenue at Current Fee</u>	<u>Full Cost of Fee-Related Services</u>	<u>Current Surplus (Subsidy)</u>	<u>% of Current Subsidy</u>	<u>% of Subsidy with Recommendations</u>
Planning	\$ 347,000	\$1,034,000	\$(687,000)	66%	34%
Building	2,000,000	2,193,000	(193,000)	9%	0%
Public Works	222,000	560,000	(338,000)	60%	17%
Recreation	<u>821,000</u>	<u>2,925,000</u>	<u>(2,104,000)</u>	72%	61%
Total	<u>\$3,390,000</u>	<u>\$6,712,000</u>	<u>\$(3,322,000)</u>	49%	33%

The fiscal impact of approving the fees as recommended is estimated to be in the range of \$400,000 to \$600,000 in additional funds to the General Operating Fund. It is difficult to be precise on the revenue to be generated in Fiscal Year 2004-05 due to the following factors:

- Revenue estimates are based on service demand at a point in time that may or may not be repeated.
- Fee increases may impact the demand for the service.
- There will be a delay in instituting some fees.
- Some services are not "purchased" each year yet revenue for them is included in the revenue estimates.

INTRODUCTION

The City Council appropriated funds in the FY 2003-04 budget to conduct a Cost Recovery (Fee Study) in order to determine the total cost of providing a service, the revenue received from the recipients of the service and the General Operating Fund subsidy for those services. With this information, a policy decision can be made regarding the appropriate cost recovery level and the resulting fee.

Maximus (a private consulting firm) was engaged to conduct the Fee Study. Maximus was selected because of their significant experience conducting similar studies for cities and other public agencies. Additionally, they have a record of employing proven and objective methodologies to calculate the cost of services.

The Fee Study was focused on services provided in the Planning and Building Divisions of Community Development, various divisions and sections of Public Works and the Recreation Division of Community Services. Additionally, two functional areas of the Fire Department were included: Hazardous Materials and Fire Prevention. The Hazardous Materials function is budgeted in the Wastewater Fund, and any fees for these services generate revenue for that fund. The results of the Fire Department segments of the study will be presented in a separate report for Council's consideration on May 4.

The principal goal for studying fees in the noted areas was to calculate the full cost of providing services, including all direct, indirect and support costs associated with individual services. Secondary objectives included:

- Simplify the fee schedules to make them easier to implement and understand.
- Ensure a connection between fees and the costs of services provided.
- Build a fee structure that recovers the full cost of providing services, in most cases.
- Ensure the fees are logical and defensible.
- Compare the full cost with revenues currently received for these services.
- Provide comparable information from other cities.

METHODOLOGY AND PROCESS EMPLOYED

Maximus used what they refer to as a central foundational methodology for assigning costs to individual fee-based services. This methodology is based on process analysis of each business unit and service tailored to specific applications. A detailed explanation of the methodology used for each area studied is included in the consultant's report and is summarized herein.

Building Division

The City currently uses a method adopted by most municipalities in setting building permit and plan check fees, basing fees on a modified version of rates included in the California Building Code and on construction valuation tables published periodically by the International Conference of Building Officials. In calculating the full cost of providing the services, Maximus added the value of the support provided by Hazardous Materials, Fire Prevention, Planning and Public Works.

Planning and Engineering

Maximus employed a costing methodology to generate detailed and involved cost analysis. The methodology is founded on the principles of activity-based costing process analytics. It is a technique that measures the cost and performance of activities and processes and the products and services generated from those activities. Staff worked closely with Maximus in building the structure of the costing model, developing staff resource consumption data and collecting volume data. Using this information, the consultant was able to develop the cost of staff, distribute other direct and indirect costs of providing the services, and run the model to calculate the total costs of each service.

Recreation Division

Generally, most public agencies, including the City of Mountain View, make a conscious decision to provide some level of subsidy for recreation services. Due to this policy, a detailed cost analysis such as that used for planning and engineering is not as critical. However, the consultant and staff made every effort to capture 100 percent of all applicable costs. A cost and revenue match approach was used to capture costs at the program level but not at the level of an individual service. The total costs for the Recreation programs have three levels—program costs (budgeted costs to operate a specific program), division costs (typically include Recreation administration and operations) and City costs (City overhead such as City internal support functions).

GENERAL FINDINGS OF THE FEE STUDY

Overall the Fee Study found that in the aggregate, a 49 percent General Operating Fund subsidy is present for the Planning, Building, Public Works and Recreation services reviewed (with a range of 9 percent to 72 percent subsidy). The specific General Operating Fund subsidy by functional service area is as follows:

<u>Service Area</u>	<u>Estimated Revenue at Current Fee</u>	<u>Potential Revenue at Full Cost Recovery</u>	<u>Current Surplus (Subsidy)</u>	<u>Percent of Subsidy</u>
Planning	\$ 347,000	\$1,034,000	\$(687,000)	66%
Building	2,000,000	2,193,000	(193,000)	9%
Public Works	222,000	560,000	(338,000)	60%
Recreation	<u>821,000</u>	<u>2,925,000</u>	<u>(2,104,000)</u>	72%
Total	<u>\$3,390,000</u>	<u>\$6,712,000</u>	<u>\$(3,322,000)</u>	49%

Using actual numbers from the study, the current General Operating Fund subsidy for the services analyzed is \$3,322,000. This is arrived at by comparing revenue estimated to be generated at the current fee level against the full cost of the service.

There are several reasons why significant subsidies exist beyond an active policy decision that supports such a subsidy:

- Hourly rates have not been revised and updated to reflect current labor costs.
- Hourly rates that have been used to calculate fees in the past have not included the cost of all employee benefits.
- Hourly rates fail to capture all division overhead costs.
- Hourly rates fail to capture City overhead.

CONSIDERATIONS IN MAKING FEE PRICING DECISIONS

In general, the fact a fee is attached to a City service signifies the service benefits a particular segment of the population versus more global services that generally benefit the entire community (parks/open space, public safety, etc.). Fee levels that do not fully recover costs result in a subsidy to the user of that service. In making decisions as to what level of subsidy, if any, should be provided there are a number of considerations including:

- Elasticity of demand for the service.
- Economic incentives.
- Promoting identified groups to participate in services which they may not otherwise be able to afford.
- Supporting services whose benefits extend to the community as a whole in addition to the individuals receiving the service.
- Comparability with user fees charged in neighboring cities for similar services.

Staff considered these factors in making fee-pricing recommendations for Council's consideration in the context of the FY 2004-05 budget.

FEE RECOMMENDATIONS

For ease of review the recommendations are presented by program area studied. Overview comments are provided in this section and the specific fee recommendations are presented in an attachment which identifies the service; full cost of the service; current fee; the proposed fee along with notation of the amount of the General Operating Fund subsidy; and comparisons to neighboring City fees (where available). It should be noted in seeking comparable information from other cities, the consultant and staff found that almost all other cities were also in the middle of a cost-of-service fee study and the fees they reported are under review.

Planning Fees

The fee-related services have been separated into three groups:

1. The first group is recommended to recover 100 percent of the cost to provide the service. Full cost recovery would be applied to applications that involve larger developments with significant entitlement privileges. Using this rationale half of the planning fees would be recovered at 100 percent.
2. The second group is recommended to recover 50 percent of the cost to provide the service. These fees are for smaller applications, those that involve single-family homeowners and where comparable fees do not support 100 percent cost recovery.
3. The third group is for services originally set by Council at a significantly lower price due to the public purpose of the project and the limited perceived resources of the applicants. There are five fees in this category and include child-care centers and nonprofit housing.

Attachment A details the current fee and the recommended planning fee adjustments. Assuming the same volume of activity, the overall General Operating Fund subsidy of these services would decrease from 66 percent to 34 percent. A summary of the information contained in Attachment A is detailed below:

<u>Fee</u>	<u>Current Fee</u>	<u>Current % of Cost Recovery</u>	<u>Recommended Fee</u>	<u>Recommended % of Cost Recovery</u>
Agendas & Minutes:				
EPC Staff Report Subscrip	\$36.00	13%	\$267.00	100%
EPC Agenda Subscrip	\$10.00	7%	\$133.00	100%
EPC Minutes Subscrip	\$36.00	27%	\$133.00	100%
DRC Agenda Subscrip	\$16.00	30%	\$53.00	100%
DRC Minutes Subscrip	\$36.00	63%	\$57.00	100%
ZA Minutes Subscrip	\$36.00	67%	\$53.00	100%
ZA Agenda Subscrip	\$10.00	17%	\$57.00	100%
Alcoholic Beverage License	\$639.00	56%	\$1,136.00	100%
DRC >2,000 sq ft	\$1,916.00	97%	\$1,974.00	100%
DRC Minor Setback & FAR	\$409	36%	\$1,136.00	100%

General Plan Amendment	\$1,276.00	25%	\$5,204.00	100%
Parcel Map	\$954.00	57%	\$1,660.00	100%
Tentative Map	\$1,892.00	77%	\$2,472.00	100%

<u>Fee</u>	<u>Current Fee</u>	<u>Current % of Cost Recovery</u>	<u>Recommended Fee</u>	<u>Recommended % of Cost Recovery</u>
Planned Community Permit:				
Architectural Review	\$825.00	43%	\$1,914.00	100%
Major Modification (ZA Review)	\$1,574.00	53%	\$2,991.00	100%
New Construction (ZA & City Council Review)	\$3,592.00	59%	\$6,041.00	100%
New Construction (ZA Review)	\$2,834.00	93%	\$3,051.00	100%
Provisional Uses	\$1,574.00	61%	\$2,572.00	100%
Use Changes (ZA Review)	\$835.00	66%	\$1,256.00	100%
Planned Unit Development:				
Major Modification (ZA Review)	\$1,574.00	67%	\$2,333.00	100%
Minor Modification (DRC Review)	\$835.00	66%	\$1,256.00	100%
New Construction (ZA Review)	\$2,834.00	73%	\$3,888.00	100%
New Construction (ZA & City Council Review)	\$3,592.00	67%	\$5,324.00	100%
Precise Plan Privately Initiated or Amended	\$1,916.00	19%	\$9,870.00	100%
Precise Plan New Major Rewrite	\$1,916.00	1%	\$9,870.00	4%
Street Plan Line Adoption or Amendment	\$1,916.00	19%	\$9,870.00	100%
TOD New Construction (ZA & City Council Review)	\$3,592.00	55%	\$6,520.00	100%
Zoning Map Amendment & Rezone	\$1,276.00	20%	\$6,281.00	100%

<u>Fee</u>	<u>Current Fee</u>	<u>Current % of Cost Recovery</u>	<u>Recommended Fee</u>	<u>Recommended % of Cost Recovery</u>
Zoning Text Amendment	\$1,276.00	20%	\$6,281.00	100%
Variance Other Zones	\$1,276.00	61%	\$2,094.00	100%
Environmental Review – Compliance Letter	New	0%	\$203.00	100%
Environmental Review – Initial Study	\$768.00	30%	\$2,536.00	100%
Cellular Antenna	New	0%	\$3,290.00	100%
Appeal to Council	\$500/max	19%	\$500/R1 \$1,346/Non- RI	19% 25%
Conditional Use Permit Modification	\$835.00	25%	\$1,645.00	50%
Conditional Use Permit New	\$1,574.00	48%	\$1,645.00	50%
Design Review Committee (DRC):				
Major FAR Exception in R1 Districts	\$1,578.00	33%	\$2,363.00	50%
New Construction/ Additions on R1 Lots <5,000 sq ft	\$639.00	34%	\$927.00	50%
Structures on New Standard Subdivisions of 5 or More Lots	\$1,805.00	36%	\$2,542.00	50%
Use Changes and Fences	\$66.00	7%	\$449.00	50%
Extensions of Existing Approval	New	0%	\$508.00	50%
Heritage Tree Removal Permit	\$56.00	6%	\$449.00	50%
PCP Code Compliance Review	\$197.00	15%	\$658.00	50%

<u>Fee</u>	<u>Current Fee</u>	<u>Current % of Cost Recovery</u>	<u>Recommended Fee</u>	<u>Recommended % of Cost Recovery</u>
Sidewalk Cafe	\$400.00	48%	\$419.00	50%
Signs Copy Change Only	\$66.00	22%	\$150.00	50%
Signs New	\$197.00	47%	\$209.00	50%
Special Design District	\$664.00	38%	\$867.00	50%
Temporary Use Permit:				
Food	\$60.00	14%	\$209.00	50%
Planning/Bldg Review	\$60.00	14%	\$209.00	50%
Planning/Bldg/Police/ Fire	\$118.00	28%	\$209.00	50%
Variance R1/R2	\$693.00	33%	\$1,047.00	50%

Building Fees

At the current fee structure and level of development, the General Operating Fund subsidizes approximately 9 percent of the cost of a fully staffed Building Division. Staff recommends increasing the building fees in order to fully cost-recover these development-related services. The comparisons to other cities indicates that with this increase, the City will be in the mid to high range for such fees.

Attachment B presents examples of the recommended building fee for specific types of construction projects and comparisons with other local cities.

Public Works

Public Works fees are for services involved in permitting/processing, map/plan checking, inspecting the public improvement portion of private developments and related activities. Staff is recommending a fee adjustment that will bring the majority of the fees close to full cost recovery with the exception of services that provide general benefits (e.g., sidewalk permit fee). In addition to recommending specific fee increases, staff is recommending modification of the formula for two fees, plan check and construction inspection related to private developments. Staff believes this formula change better reflects the actual cost of service for different size projects.

Staff is also proposing two new service fees, one for preparation of Certificate of Compliance for private property owners and the other to process permits for debris box encroachment in the public right-of-way.

Attachment C details the recommended Public Works fee adjustments. Assuming the same volume of activity, the overall General Operating Fund subsidy of these services would decrease from 60 percent to 17 percent. A high-level summary of the fees in Attachment C which are recommended to increase are detailed below:

<u>Fee</u>	<u>Current Fee</u>	<u>Current % of Cost Recovery</u>	<u>Recommended Fee</u>	<u>Recommended % of Cost Recovery</u>
Construction Inspection	5% of con. cost	48.6%	10% of con. cost	79.1%
Encroachment Permit – Nonresidential	\$690.00	33.1%	\$1,730.00	100.0%
Encroachment Permit – Residential	\$345.00	28.9%	\$945.00	95.5%
Encroachment Permit – Temporary	\$345.00	38.6%	\$742.00	100.0%
Excavation Permit	\$88/hour or 5% of con. cost	26.9%	\$130/hour or 20% of con. cost	78.8%
Hourly Plan Check and Inspection Fee	New	0%	\$130/hour	100.0%
Lot Line Adjustment	\$460.00	21.9%	\$2,000.00	95.1%
Final Map Checking	\$1,325.00	33.5%	\$3,900.00	98.5%
Additional Parcels	\$26.00	210%	\$12.00	97%
Parcel Map Checking	\$980.00	44.0%	\$2,200.00	98.8%
Plan Check	5% of con. cost	48.2%	10% of con. cost	82.3%
Right-of-Way Vacation	\$805.00	59.2%	\$1,360.00	100.0%
Segregation of Assessment Districts	\$1,285.00	64.9%	\$1,980.00	100.0%
Segregation of Assessmt Districts – Additional Lot	\$130.00	70.1%	\$186.00	100.0%
Sidewalk Processing – Residential	\$1.50/ linear foot	19.5%	\$3.06/ linear foot	39.1%
Sidewalk Processing – Nonresidential	\$130.00 + 5% of con.	37.5%	\$260.00 + 5% of con.	67.8%

	cost		cost	
Certificate of Compliance	New	0%	\$618.00	100.0%
Debris Box Encroachment	New	0%	\$100.00	80.9%

Recreation

The Community Services Department staff took several factors into consideration in making their fee recommendations. In evaluating how much to adjust a fee, staff considered comparable information from other cities and how long ago and how much a fee increased. In most cases where comparable information was obtainable, Mountain View's fees as recommended are at least at 50 to 75 percent of market average. It is staff's goal to come closer to 100 percent of market average over the next two to three years and recommends that the fees be reviewed annually and incremental increases be made.

Where programs are currently offered free of charge (after-school, youth sports organization field use, nonprofit and community group weekend use of the Community Center, Teen Center, teen open gym, Senior Center), no change in this policy is recommended. Staff research has discovered that many neighboring communities charge for youth organization field use. While no fee is recommended in this proposal, it is recommended that the Parks and Recreation Commission review the matter during the upcoming year and report back to Council with a recommendation.

Attachment D details the costs of providing individual Recreation services and the fees to increase. A high-level summary of the information contained in Attachment D is detailed below:

<u>Fee</u>	<u>Current Fee</u>	<u>Current % of Cost Recovery</u>	<u>Recommended Fee</u>	<u>Recommended % of Cost Recovery</u>
Preschool Camp	\$4.00	37%	\$5.00	52%
Playschool/Tot Time	\$4.00	37%	\$5.00	52%
Elementary Camp	\$2.00	29%	\$3.00	44%
Teen Camp	\$2.00	18%	\$3.00	28%
Deer Hollow Farm	Recommend review of this program after summer registration is processed.			

General Facility Rentals:

Dog Classes & Shows	\$600.00	41%	\$800.00	66%
Beer & Wine Permit	\$40.00	41%	\$75.00	66%

<u>Fee</u>	<u>Current Fee</u>	<u>Current % of Cost Recovery</u>	<u>Recommended Fee</u>	<u>Recommended % of Cost Recovery</u>
Community Center:				
Auditorium for Business or Resident	\$70.00	41%	\$100.00	66%
Auditorium Friday Evening, Saturday, Sunday by Mtn View Nonprofit or Community Group	\$32.00	41%	\$45	66%
Nonauditorium for Business or Resident	\$32.00	41%	\$45.00	66%
BBQ Reservations:				
Group	\$45/ 50 people	47%	\$50.00/ 50 people	52%
Family (Advance)	\$4.00	47%	\$5.00	52%
Family – Day of	\$6.00	47%	\$7.00	52%
Willowgate Garden	\$35.00	66%	\$40.00	71%
Ball Field Rentals Private:				
McKelvey & Crittenden (Lights)	\$50.00	20%	\$70.00	40%
McKelvey & Crittenden (no Lights)	\$25.00	20%	\$35.00	40%
Other	\$32.00	20%	\$45.00	40%
Ball Field Rentals				
Youth Sports/Nonprofit	Free	0%	Free	0%
Youth Sports Camps (Contract)	Instructor + Materials + \$10.00	58%	\$1/person % Based on Contract	65%

<u>Fee</u>	<u>Current Fee</u>	<u>Current % of Cost Recovery</u>	<u>Recommended Fee</u>	<u>Recommended % of Cost Recovery</u>
Aquatics				
Fitness Adults	\$2.50	31%	\$3.50	41%
Fitness Seniors	\$0.75	31%	\$1.50	41%
Aquacize Adults	\$2.75	31%	\$3.50	41%
Aquacize Seniors	\$0.75	31%	\$1.50	41%
Lap Swim				
Day Pass Resident	\$2.50	31%	\$3.00	41%
Day Pass Nonresident	\$3.50	31%	\$4.00	41%
Pass Resident (25 swims)	\$45.00	31%	\$55.00	41%
Pass Nonresident (25 swims)	\$55.00	31%	\$65.00	41%
Senior Resident Pass	\$12.00	31%	\$15.00	41%
Senior Nonresident Pass	\$22.00	31%	\$25.00	41%
Lessons & Classes for Youth & Adults	\$3.33	31%	\$6.00	41%
Masters Swim Club Resident	\$15.00	31%	\$20.00	41%
Masters Swim Club Nonresident	\$25.00	31%	\$30.00	41%
Rec Swim				
Day Pass Child Resident	\$1.00	31%	\$1.50	41%
Day Pass Child Non Resident	\$2.00	31%	\$2.50	41%
Day Pass Adult Resident	\$2.50	31%	\$3.00	41%
Day Pass Adult Non- Resident	\$3.50	31%	\$4.00	41%
Season Pass Child	\$35.00	31%	\$45.00	41%
Season Pass Adult	\$45.00	31%	\$55.00	41%
Season Pass Family	\$65.00	31%	\$75.00	41%
Pool Rental	\$50.00	31%	\$70.00	41%
Adult Sports Leagues				
Basketball	\$50.00	46%	\$55.00	49%
Volleyball	\$30.00	46%	\$35.00	49%

<u>Fee</u>	<u>Current Fee</u>	<u>Current % of Cost Recovery</u>	<u>Recommended Fee</u>	<u>Recommended % of Cost Recovery</u>
Special Events				
Sound Amplification	\$20.00	2%	\$30.00	2%
Permit – Nonspecial Event				
Special Event Permit	\$65.00	2%	\$100.00	2%
Special Event Plaza Use Permit	\$65.00	2%	\$100.00	2%
Banner Application	\$20.00	2%	\$40.00	2%
Contract Instructors	Instructor + Materials + \$10.00	32%	% Based on Contract	37%
Leader Instructor	Varies by class	32%	Instructor + Materials + Overhead	37%

Additional narrative detail about the recommended fee adjustment is provided below.

Preschool Programs

A fee increase of 25 percent from \$4 per hour to \$5 per hour (for both school-year classes and summer camp) is recommended. The fee for school-year classes has not been increased since 1999. The increase will bring the City's program close to the surveyed city average of \$5.75 per hour.

Elementary Programs

A fee increase of 50 percent is recommended for summer camps (from \$2 per hour to \$3 per hour).

Teen Camps

The City offers one teen summer camp. The current \$2 per hour fee is recommended to be increased to \$3 per hour.

Facility Rentals

Fees associated with facility rentals in this category are primarily for the Community Center. Staff recommends the Mountain View nonprofit community groups continue to receive free use of the building, Monday through Thursday and Friday until 5:00 p.m. Staff believes the rental rates can likely sustain an additional increase at this time.

Barbecue Rentals

An increase of 11 percent from \$45 per section to \$50 is recommended in order to bring the fee closer to the top of the market. Mountain View's barbecue facilities are of high quality and in demand.

Willowgate Garden

Willowgate Garden was increased from \$30 to \$35 in 2002. Staff believes that an additional \$5 increase can be sustained at this time.

Ball Field Rentals – Private

Mountain View fields are rented primarily by adult athletic groups. It appears Mountain View is in the middle of the market rate and an increase in the rate of 40 percent is recommended to help increase cost recovery of this program.

Youth Sport Camps and Classes

Mountain View offers year-round soccer classes and sport camps for youth. These classes and camps are run by organizations contracted through the Recreation Division. Currently, in accordance with the contract, the City receives only \$10 per person as its total revenue for the program regardless how much the program costs. Based on the extensive survey of 15 cities conducted by the Recreation Division last year, it appears that Mountain View is the only city in the area that is not using a percentage-based contract. Beginning July 1, 2004, the division will restructure the youth sports contract to a percentage-based method. Other cities' percentage arrangement usually ranges between 60 percent contractor/40 percent city to 80 percent contractor/20 percent city. This will require class and camp fees to be raised approximately 15 percent to 30 percent, depending on the current price of the camp. The contractor will generally receive the same amount as the previous contract, but the City's will increase.

Aquatics

A fee increase is recommended across the board for the aquatics programs in order to keep up with inflation and adjust for comparables as well as increase overall cost recovery. Of particular note are the swim lessons and master swim classes. The new recommended fee is \$6 per half-hour lesson.

The master swim class fees are charged on a monthly basis and were last raised in 1999. Staff is recommending an increase from \$15 per month to \$20 per month for residents.

Adult Sports Leagues

Only a modest increase of 10 percent and 17 percent are proposed for the two of the five adult leagues which are basketball and volleyball, respectively. The fee was last increased in 2002 and a comparison to other cities that place Mountain View fees at or close to the top of the market suggests that greater increases may lead to less participation.

Special Events

There is a small permit application fee for events hosted by others than the City, such as the Art and Wine Festival, and there is a proposed fee increase from \$65 to \$100. However, the primary costs to the City for these events are charged back to the hosting group on a cost-recovery basis. Recreation Division charges are usually not substantial as compared to the services provided by Police and other departments.

Youth Classes

Beginning July 1, 2004, staff will begin changing to percentage-based agreements. As with youth sports, this will result in increases to class fees and generate additional revenue for the division. In other cities, the exact percentage usually ranges from 60 percent to the contractor and 40 percent to the city.

FEE WAIVER PROGRAM

The Fee Waiver Program impacts revenues received from fees in the Recreation Division. The program offers waivers to those in need who might not otherwise be able to participate in recreation programs. The waivers do not apply to facility, barbecue or field rentals, adult sports or tennis programs.

The program has been in place for a number of years. Early in 2002, the program was reviewed with the intent of making the process required to receive a waiver more streamlined. Changes in the program were implemented with the fall 2002 registration.

The primary change to the program allows families already qualified for the school district free and reduced cost lunch program to automatically qualify for 100 percent recreation fee waivers. Prior to this program change, families were screened by the Community Service Agency in order to determine eligibility and needed to return to the Agency for each registration. Using the prior process, a fee waiver could range from 25 percent to 100 percent, depending on need. Under the current policy, a family needs to only present their authorization for use of the free or reduced lunch program to receive 100 percent fee waiver on all classes offered. Additionally, under the prior policy, there was a cap of four classes per individual, per registration season and, currently, there is no limit on the number of classes.

When the policy change was implemented, the full impact it would have on recreation program revenue was not clear. Prior to the change, the number of fee waiver registrations as compared to total registrations was between 8 percent and 10 percent per year. In Fiscal Year 2002-03, when the change was first introduced, the percentage began increasing to the current level of 25 percent. The value of the waivers over the last four registration seasons was a total of \$118,000 or 14 percent of the total fee-based program. Of 13 cities included in a survey looking at fee waiver programs, the City of Mountain View has the third highest dollar value of fee waivers.

While Council is reviewing overall revenue generated by fees, staff recommends a review of the Fee Waiver Program to determine if any changes may be appropriate. Staff is recommending Council consider the following revisions:

- Families receiving reduced lunch through the school district: eligible for 50 percent fee waivers and subject to an annual cap of \$400 per family.
- Families receiving free lunch: to be eligible for 100 percent fee waivers and subject to an annual cap of \$800 per family annually.

OTHER FEE RECOMMENDATIONS

In addition to the areas reviewed in the Fee Study, the Shoreline Golf Links fees were reviewed internally, and comparisons to other Bay Area courses were collected. As discussed with Council during the Fiscal Year 2003-04 budget process, the Golf Links operation is considered a recreation program, and a portion of the revenue is used to fund the recreation program. During February and March, the Community Services Department presented to the Parks and Recreation Commission a variety of Golf Links fee increases estimated to generate approximately \$306,000. The Commission approved the recommendations to be forwarded to Council for consideration.

FISCAL IMPACT

The fees, as recommended, have the potential of producing up to an additional \$800,000 in revenue to the General Operating Fund. However, when several important factors are taken into consideration, staff estimates the additional funds to be generated from the recommended fees will be in the range of \$400,000 to \$600,000 in Fiscal Year 2004-05. The factors that staff believes will impact the revenue generated include:

- Revenue estimates are based on service demand at a point in time that may or may not be repeated.
- Fee increases may impact the demand for the service.
- There will be a delay in instituting some fees.
- Some services are not "purchased" each year yet revenue for them is included in the revenue estimates.

CONCLUSION

Staff has carefully reviewed the Maximus Fee Study and considered many factors in making recommendations to Council on proposed fee revisions. In making these recommendations, staff has attempted to bring many fees closer to cost recovery while being mindful of areas where there is a global public benefit to the service being provided and, thus, recognizing that a greater General Operating Fund subsidy may be appropriate.

The Narrative Budget report presents an increase in fee revenue based upon staff's pricing recommendations. The City Council can determine to reduce or increase the cost recovery levels that staff has recommended.

The Maximus Fee Study has been summarized in this report. It is available upon request.

Nadine P. Levin
Assistant City Manager

NPL/9/BUD/608-03-18-04M-E^

Attachments

Recreation - Cost of Service Analysis and Recommendations

Attachment B

Recreation Program/Service	Cost of Service Analysis				Recommendations			Comparisons				
	Current Fee	Revenue at Current Fee	Surplus or (Subsidy)	Current Cost Recovery	Preliminary Fee Recomm'd	Projected Fee Waiver	Recomm'd Revenue Increase (Decrease)	Cupertino	Milpitas	Palo Alto	Santa Clara	Sunnyvale
1 Adobe Building												
Mon-Wed--MV Nonprofit/ Community Group	\$15	\$18,352	(\$13,292)	58%	No change	Not Applicable	\$0					
Mon - Wed--All Others	\$100				No change							
Thurs-Sun MV NonProfit/Community Group & Others	\$150				No change							
Thurs-Sun-MV Nonprofit/One-Time Per Year	\$75				No change							
8-Hour Weekend Rate-MV NP/Community Group	\$500				No change							
Special 8-Hour Weekend Rate-All Others	\$1,000				No change							
2 Preschool Programs												
Camps	\$4	\$47,576	(\$81,725)	37%	\$5	\$1,900	\$3,000	\$7.33	\$4.50	Not Available	Not Applicable	\$4.83
Play School/Tot Time	\$4				\$5	\$14,290		\$4.00 3&4 yrs \$6.00 4&5 yrs	\$2.15 to \$2.60	\$10.16 to \$10.38	\$4.00 to \$4.30	\$5.75/\$6.00
3 Elementary Programs - After School												
All Stars	Free		(\$101,532)	0%	No change	\$0	\$0	Cost based contract enrichment classes only, varies by school	\$75/month	Free	Youth Activity Center open after school; \$1 charge for a Youth Card	Enrichment classes one or two days per week at various schools/fee varies by type of class
4 Elementary Programs - Camps												
Camps	\$2	\$31,632	(\$77,242)	29%	\$3	\$50,500	\$15,000	\$4.00	\$2.38	Unable to determine	\$3.40 to \$3.69	\$3.11 to \$4.13
5 Teen Programs - After School												
Tween Time	Free (1)	\$600	(\$151,227)	0%	No change	\$0.00	\$0.00	Teen Center opens at 3:00	Not Available	Not Applicable	Open after school: \$1 charge for youth card	\$0.75 per visit at Sunnyvale Middle School
6 Teen Program - Teen Center / Open Gym												
Teen Center	Free	\$0	(\$66,848)	0%	No change	\$0.00	\$0.00	Free	Free	Free	Same as Elementary Afterschool	
Teen Open Gym	Free/only open Sat night				No change	\$0.00	\$0.00	Free	Free	Not Applicable		\$0.50/visit
7 Teen Program - Others (YAG, MYC, LIT, Noontime)												
Others		\$0	(\$41,354)	0%	No change	\$0.00	\$0.00					
8 Teen Program - Camps												
Camps	\$2	\$11,442	(\$53,356)	18%	\$3	\$9,600	\$10,134	\$3.77	\$2.38	\$10.73 to \$14.80 Res \$11.16 to \$15.80 Non res		\$3.62

Recreation - Cost of Service Analysis and Recommendations

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9 Deer Hollow Farm																						
School Classes MV Public Schools	\$20	\$105,100	(\$124,727)	46%	No Change	Not Applicable	\$0															
School Classes SC Co. and MROSD Schools	\$40																					
School ClassesSC Co. or MROSD Schools	\$60																					
School Classes All Other Schools	\$80																					
Summer Camps: MV Resident	\$105																					
Summer Camps: SC Co. and MROSD Resident	\$135					\$2,430																
Summer Camps: SC Co. or MROSD Resident	\$165																					
Summer Camps: All Other Residents	\$195																					
10 General Facility Rentals - Community Center																						
Adult Education (evenings) All Locations	\$19	\$23,718	(\$34,382)	41%	No change	Not Applicable	\$5,300															
Dog Classes/Shows, Rentals	\$600				\$800																	
Beer/Wine Permit	\$40				\$75																	
General Use Permits	Free				No change																	
Community Center Auditorium: Business or Resident					\$100								\$230/hr Res \$265/hr Bus	\$100/hr \$190/hr (non res) (3 hr min)	\$60/hour \$97.50/hr non-res + Attdnt Fee \$16-24/hr	Not Applicable	\$800/(4 hr min) + \$200 each addtl					
	\$70																					
Community Ctr Auditorium:- Fri eve, Sat, Sun by CMV NP or CG	\$32				\$45								\$80 Cup NP \$140 Other NP	\$100/hr (3 hr min)	\$30/hour + Attdnt Fee \$16-24/hr	\$18-\$37	\$800/(4 hr min) + \$200 each addtl					
Community Ctr Auditorium: M - Th All day and F till 5 by CMV NP or CG	Free				No change								Not Available	Not Applicable	Not Available	Not Applicable	Not Applicable					
Community Ctr Non Auditorium: Business or Resident					\$45								\$90/hr Res	\$50/hr \$73/hr (non res)	\$34/hour \$51/hr non res + Attdnt Fee \$16-24/hr	\$10/meeting	\$60/hr \$75/hr (bus/non res)					
	\$32																					
Community Center Non Auditorium: Fri eve, Sat, Sun, by CMV NP or CG	\$32				No change								\$60/hr Cup NP \$75/hr Other NP	\$50/hr	\$17/hour + Attdnt Fee \$16-24/hr	\$10/meeting	\$60/hr					
Community Ctr Non Auditorium: M - Th All Day and F till 5 by CMV NP or CG	Free				No change								Not Available	Not Applicable	Not Available	Not Applicable	Not Applicable					
11 BBQ Rentals																						
Reservation -Group	\$45 per section (50 people)				\$30,822								(\$35,327)	47%	\$50	Not Applicable	\$2,000	\$65.00	<50 people: \$35/day \$49/day (nonres) >50 people: \$55/day \$69/day (nonres)	Based on # of people 25-49 = \$25 50-74 = \$30 75-99 = \$40	\$37.00	\$1/pers. (res/NP) \$2/pers (bus)
Reservation -Family Tables (Advance)	\$4	\$5	\$6.50	Not Applicable		\$10 res \$15 non res	Not Applicable	\$1/pers. (res/NP) \$2/pers (bus)														
Reservation -Family Tables (Day of)	\$6	\$7	Not Available	Not Applicable		Not Applicable	Not Applicable	\$1/pers. (res/NP) \$2/pers (bus)														

Recreation - Cost of Service Analysis and Recommendations

Attachment B

Recreation Program/Service	Cost of Service Analysis				Recommendations			Comparisons				
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12 Gardens												
Willowgate Community Gardens	\$35	\$3,080	(\$1,620)	66%	\$40	Not Applicable	\$360	Not Applicable	\$30 res \$15 Senior	15 cents per sf	Not Applicable	Not Applicable
13 Senior Services (in total)												
Senior Classes	\$2	\$1,400	(\$324,386)	0%	No change	Not Applicable	\$0	\$12.00	\$6.00 Res \$8 Non Res	\$25.00	Free	\$10 res \$15 non res
Senior Garden	\$10				No change							
Membership (Annual)												
	Free				No change							
14 Ball Fields Rental - Private												
McKelvey and Crittenden (lights)		\$4,920	(\$19,302)	20%		Not Applicable	\$2,500	Plus \$5/hr added to below cost	\$9/hr + \$55 flat SB/BB \$30 +\$55 flat FBall/Soccer	\$10 - \$112/hour + \$30 use fee	\$23/hour +\$22 field prep	\$60/hr (res/NP) \$75/hr (non res/bus)
McKelvey and Crittenden (no lights)	\$50				\$70			\$25 (res/bus); \$40 (non res) (2 hour max) +\$44.75 field prep	\$4/hr + \$55 flat SB/BB \$20 + \$55 flat Fball/Soccer	\$10 - \$112/hour	\$6.00 to \$14.00	\$25/hr (res/NP) \$40/hr (non res/bus)
	\$25				\$35							
Other	\$32				\$45							
15 Ball Fields Rental - Youth Sports												
Youth/Nonprofit	Free	\$0	(\$39,806)	0%	\$1 per person	Not Applicable	\$0	Free, but considering charging	Free	\$2.50 per person/season	Not Available	\$1 per hour
16 Youth Sports												
Contract Youth Sports Camps	Instructor + Materials + \$10	\$66,511	(\$48,238)	58%	Percentage Based on Contract	\$31,370	\$6,700	Not Available	Not Available	Not Available	Not Available	Not Available
17 Tennis												
Rengstorff Courts-CMV Tennis Club	\$3	\$18,009	(\$46,899)	28%	No change	Not Applicable	\$0	\$395/year	Not Applicable	Not Applicable	Not Applicable	NA
Cuesta Court Reservations: Resident and CMV Business	\$6				Set by contract; could be changed in Fall			Not Applicable	Not Applicable	Not Applicable	\$3.5/hr	\$9/hr (weekday) \$11/hr (eve/wkend/hol)
Nonresident and non CMV Business	\$9				Same			Not Applicable	Not Applicable	Not Applicable	\$5.5/hr	\$13/hour
Nonresident with Resident on walk on court	\$1				Same			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Cuesta Court Lessons	\$6				Same			\$9.16 res \$10.30 non res	\$12.67 res \$16.00 non res	\$12.22 res \$14.89 non res	Not Applicable	\$11.17 Youth \$12.83 Adult

Recreation - Cost of Service Analysis and Recommendations

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Recreation Program/Service	Cost of Service Analysis				Recommendations			Comparisons				
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18 Aquatics												
Aquatic Fitness-Adults	\$2.50	\$181,829	(\$413,092)	31%	\$3.50	Included with Aquatics Lessons/ Classes (see below)		Not Applicable	\$3.00	\$6.88	\$3.75	\$4.84 res \$5.85 non res
Aquatic Fitness-Seniors	\$0.75				\$1.50			Not Applicable	\$3.00	\$6.88	\$2.30	\$4.84 res \$5.85 non res
Aquacize-Adults	\$2.75				\$3.50			Not Applicable	\$3.00	\$6.88	Not Applicable	Not Applicable
Aquacize-Seniors	\$0.75				\$1.50			Not Applicable	\$3.00	\$6.88	Not Applicable	Not Applicable
Lap Swim:												
Day Pass-Resident	\$2.50				\$3	Not Applicable	\$8,500	\$1.50	\$5/visit	\$3.00	\$1.50	\$5.00
Day Pass-Nonresident	\$3.50				\$4			Not Applicable	\$5/visit	\$3.00	Not Applicable	\$7.00
Pass-Resident (25 swims)	\$45 (\$1.80 per swim)				\$55/\$2.20 per swim			Not Applicable	\$5/visit or \$3/visit w/pass	\$2.50	Not Applicable	\$3.50
Pass-Nonresident (25 swims)	\$55 (\$2.20 per swim)				\$65/\$2.60 per swim			Not Applicable	above + \$25	Not Applicable	Not Applicable	\$4.33
Pass-Senior Resident (25 swims)	\$12 (\$0.48 per swim)				\$15/\$0.60 per swim			Not Applicable	\$5/visit or \$1.50/visit w/pass	\$1.50	Free	\$30/month
Pass-Senior Nonresident (25 swims)	\$22 (\$0.88 per swim)				\$25/\$1.20 per swim			Not Applicable	above + \$25	\$2.00	Not Applicable	\$40/month
Lessons/Classes-Youth and Adults	\$3.33				\$6	\$18,720	\$9,280	\$6.00	\$7.00	\$6.88	\$6.00	\$6.80
Masters Swim Club:Residents	\$15.00				\$20	Not Applicable	\$6,780	Not Applicable	Not Applicable	Not Applicable	\$45.00	Not Applicable
Masters Swim Club:Nonresidents	\$25.00				\$30			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Recreation Swim:												
Day Pass-Child Resident	\$1.00				\$1.50	CSA receives 150 free passes per summer	\$7,000	\$1.00	\$2.00	\$2 M-F; \$3 SS	\$1.25	\$2.00
Day Pass-Child Nonresident	\$2.00				\$2.50			Not Applicable	\$2.00	Not Applicable	\$2.00	\$3.00
Day Pass-Adult Resident	\$2.50				\$3			\$2.00	\$2.00	\$3 M-F; \$4 SS	\$2.00	\$3.50
Day Pass-Adult Nonresident	\$3.50				\$4			Not Applicable	\$2.00	Not Applicable	\$3.50	\$4.50
Season Pass-Child (unlimited swims)	\$35.00				\$45			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Season Pass-Adult (unlimited swims)	\$45.00				\$55			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Season Pass-Family (unlimited swims)	\$65.00				\$75	Not Applicable	\$1,220	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Pool Rental: Pool	\$50.00				\$70			Not Applicable	\$25/hr \$50/hr (non res) (2 hr min)	\$60-180/hour	\$75-100/hour	\$90/hr \$75/hr (NP/res)
Pool Rental: Lifeguard	\$15.00				No change			Not Applicable	\$20/hour	\$16/hour (2 hr min)	Included	\$20/hour (2 hr min)

Recreation - Cost of Service Analysis and Recommendations

Attachment B

Cost of Service Analysis					Recommendations			Comparisons				
Recreation Program/Service	Current Fee	Revenue at Current Fee	Surplus or (Subsidy)	Current Cost Recovery	Preliminary Fee Recomm'd	Projected Fee Waiver	Recomm'd Revenue Increase (Decrease)	Cupertino	Milpitas	Palo Alto	Santa Clara	Sunnyvale
19 Adult Sports Leagues												
Basketball	\$50	\$46,703	(\$54,454)	46%	\$55	Not Applicable	\$2,000	Not Applicable	\$63/game (res) \$67/game (bus) \$70/game (nonres)	\$66.60/game	\$58/game	\$59/game
Coed Softball	\$45				No change			Not Applicable	\$63/game (res) \$67/game (bus) \$70/game (nonres)	+\$6 non res fee	Not Applicable	Not Applicable
Flag Football	\$50				No change			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Men's Softball	\$50				No change			\$55.00	\$63/game (res) \$67/game (bus) \$70/game (nonres)	+\$6 non res fee	\$47/game	\$56/game
Volleyball	\$30				\$35			Not Applicable	Not Applicable	Not Applicable	Not Applicable	\$37/game
Forfeit Fee	\$30				No change				None			
20 MVSP/WSC Programs (Gyms)												
Auxiliary Room-Private/Nonprofit	\$45	\$164,027	(\$43,163)	79%	No change	Not Applicable	\$0	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Auxiliary Room-Profit	\$50				No change			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Half-Court-Resident/Nonprofit	\$30				No change			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Main Floor-Resident/Nonprofit	\$60				No change			Not Applicable	\$30/hr \$75/hr (non res) (3 hr min) +\$15 app fee	Not Applicable	Not Applicable	Not Applicable
Main Floor-Profit	\$70				No change			Not Applicable	Not Applicable	Not Applicable	\$18/hr	Not Applicable
Adult Educations (evenings)	\$19				No change			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
YMCA-Youth	\$17				No change			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
YMCA-Adult	\$25				No change			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
YMCA - Youth	\$17							Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
YMCA-Adult	\$25							Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
21 Special Events												
Sound Amplification Permit-Non-Special Event	\$20	\$4,432	(\$201,935)	2%	\$30	Not Applicable	\$568	Not Applicable	Not Applicable	Not Applicable	\$33.00	Not Available
Special Events: Permit	\$65				\$100			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Special Events: Plaza Use Permit	\$65				\$100			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Banner Application	\$20				\$40			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Recreation - Cost of Service Analysis and Recommendations

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22 Youth/Adult Classes												
Contract Instructors	Instructor + Materials + \$10	\$61,019	(\$129,436)	32%	Percentage Based on Contract	\$30,600	\$7,283	Not Applicable	70%/30% split	65%/35% split for new instructors 70%/30% after one year/good evaluation	Not Applicable	Not Applicable
Leader Instructors	Varies Based on Class				Instructor + Materials + Admin Charge			Informal - typically, staff + supplies + a little extra for admin	Not Applicable	Free, but only offered at Teen Center	Charge class fee + a lab fee; not clear how class fee is set	Not Applicable
23 Administrative												
Nonresident Fee-All Programs (when not otherwise specified by the fee schedule)	\$10			NA	No change	Captured in Programs		Not Applicable	Included in reg	Not Applicable	Not Applicable	\$20.00
Processing Fees: Registration/Transfers/Refunds/Etc	\$5			NA	No change	Not Applicable	\$0	Not Applicable	\$5 transfer \$10 refund	Not Applicable	Not Applicable	Not Applicable
Late Pickup	\$5				No change			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
TOTAL					\$ 821,172 \$ (2,103,343)			\$159,410 \$87,625 (19,000) \$68,625		(2)		

(1) Small materials fees for after school clubs and activities.

(2) Adjustment for varying implementation dates for fees

SPECIAL MEETING - WEDNESDAY, APRIL 28, 2004
COMMUNITY CENTER - 201 SOUTH RENGSTORFF AVENUE
7:00 P.M.

1. **CALL TO ORDER**

Chairperson Mussman called the meeting to order at 7:05 p.m.

2. **ROLL CALL**

Present: Commissioners Ronit Bryant, Todd Fernandez, Tom Means, John Inks (Vice Chairperson) and Ed Mussman II (Chairperson).

Absent: None.

3. **ORAL COMMUNICATIONS FROM THE PUBLIC** – None.

4. **APPROVAL OF AGENDA**

On a motion made by Commissioner Fernandez, seconded by Commissioner Inks, Commission voted 5-0 to approve the agenda.

5. **NEW BUSINESS**

A. **RECREATION COST RECOVERY/FEE STUDY, PROPOSED
RECREATION FEE INCREASES AND FEE WAIVER POLICY**

Senior Administrative Analyst stated Council directed a study to examine cost recovery rates for various City services, including recreation programs. Maximus, a consulting firm, was retained to perform this study. At a study session held on March 30, 2004, Council preliminarily reviewed the information but was undecided about whether fees should be raised to achieve a higher cost recovery rate. Council also requested an additional study session, scheduled for May 18, to continue discussion of City fees. Various public meetings, such as this one, are now being held to receive community input on the study and fee increase recommendations. The Commission is also being requested to review the current recreation fee waiver policy.

Senior Administrative Analyst stated that as of the meeting time, she received five e-mail comments regarding this item, and they have been forwarded to the Commission.

Commissioner Bryant asked if the \$200,000 golf course revenue transfer to recreation programs is included in the Recreation Division's revenues. Senior Administrative Analyst stated no.

Senior Administrative Analyst stated the cost recovery study establishes the total overall cost of providing recreation programs. Total cost is "fully burdened," direct costs (i.e., includes staff, materials, etc.), division and department administrative overhead and City overhead (facilities maintenance, financial services, human resource services, utility costs, etc.).

Senior Administrative Analyst reviewed the 2002-03 program cost recovery rates for recreation programs. Commissioner Bryant asked how rates were determined. Senior Administrative Analyst stated, it was simply a comparison of program costs to program revenues. Currently, they are not based on a formula. Fee waivers also affect the revenues, which, in turn, affects the cost recovery rates.

Senior Administrative Analyst reviewed the proposed fee increases. Historically, fees have been low. It is staff's goal to raise fees to 100 percent of the market average over the next two to three years. The current proposed fees would bring most fees to 50 percent to 75 percent of market average. In 2002, the Commission recommended fee increases to many programs to catch up with inflation. There was also discussion of looking at comparables from other cities when evaluating future increases. Some fees not increased in 2002 were increased in 2003.

Commissioner Fernandez asked if dog training program fees were increased by \$200 in Fiscal Year 2002-03. Senior Administrative Analyst stated yes. Commissioner Fernandez asked what the costs are for this program. Senior Administrative Analyst stated it is difficult to provide cost analysis at that level of detail. It is a charge for the use of the building and the division's administrative overhead. Commissioner Fernandez stated a \$5 per person increase in the Master Swim Club program equals an overall fee increase of 20 percent, not 40 percent as indicated on Attachment 4 of the staff report. He stated this increase is not out of line. He stated there is not a lot of comparable information from neighboring cities. Senior Administrative Analyst stated it is difficult to make direct comparisons as other swim clubs run their programs differently. Mountain View Masters pays the City for use of the

facility and club members pay a monthly membership fee directly to the Masters.

Commissioner Inks asked how specific departments or sections of departments were selected for the fee study. Senior Administrative Analyst stated these are all areas that bring in revenue for services.

Commissioner Bryant stated there is an overwhelming amount of information contained in the staff report and various attachments. It is difficult to make a decision with so many details and no conceptual framework to guide the decision (i.e., benefit to the community versus benefit to individuals). Senior Administrative Analyst stated Council is requesting the Commission's feedback on the various proposed fee increases.

Commissioner Fernandez asked what the overall cost recovery rate is for recreation fees. Senior Administrative Analyst stated with the proposed fees, Recreation would be at approximately 39 percent of cost recovery while, currently, it is at 28 percent.

Commissioner Means stated most recreation services can be market-based since there are alternatives to choose from and, therefore, are easier to price. Nonrecreation services or government services are not as easy to price since there is generally only one choice.

Commissioner Means stated the Maximus study contains flawed economic thinking. The consultant does not appear to understand the concept of full cost since the study excludes a resource (i.e., use of land for the Community Garden Program) in determining the cost. Also, the addition of fixed costs was incorrect in terms of proper transfer pricing. The study did not reflect demand and elasticity concepts.

The Commission opened the meeting for public comment.

Teresa Munoz, resident, stated she does not support an increase in the Masters swim program fees. The Masters runs their own program with very little City staff resources. She stated data does not indicate the cost breakdown for overhead charges. Senior Administrative Analyst stated a cost breakdown is not available for each type of swim program.

Laura Schuster, President of the Mountain View Masters, stated their organization was given less than one week notice to prepare for this meeting. The staff report indicates a \$5 increase per member would bring fees up to a base

level with other programs. She stated Mountain View Masters pool usage is below market. Since 1989, the Masters had two sessions held six days a week. For the past two years, the Masters has had to start a 5:00 a.m. workout since the pool is not available later in the morning. The Masters uses Eagle pool 16-1/2 hours per week. In 2003, they requested swim time on Sundays, but the City did not approve the use due to additional maintenance requirements. Since then, a City-sponsored lap swim program was begun on Sundays. Ms. Schuster stated Rengstorff Pool already has lap swimming hours in the summer during the lunch hour and Eagle Pool has lap swimming during the lunch hour and evening, Monday through Friday, as well as on Saturday and Sunday morning. Mountain View Masters is very popular and they would like more pool hours which would increase City revenues.

Sally Hamilton, resident, stated it would be helpful to determine how much of the pool costs the City is trying to recover. A fully burdened cost analysis does not allow you to properly cost each program. Some programs, such as the Mountain View Masters, requires very little support while it generates revenue. Other swim programs require a higher amount of support. She stated there may be a reduction in participants if the City initiates a fee increase to the Masters swim program. She stated the Masters organization would have preferred additional time in order to perform quantitative analysis of the fee study and proposed fee increases in order to make a more informed decision.

Rick Baer, Mountain View Masters member, stated there are 25 different Masters swim club programs in the Bay Area. The Mountain View Masters is paying more than market standards. Palo Alto (Rinconada) charges \$1.50 per lane hour per member; U.C. Santa Cruz charges \$1.85; Oakland charges \$1.70; and Mountain View charges \$5.65.

Martha Branch, Treasurer, stated Mountain View Masters was notified on April 18 of the proposed fee increases. She stated she had received three letters from Northern California Masters regarding their rates. She stated that, although there have been no fee increases since 1999, \$25,865 was paid to the City of Mountain View by the Mountain View Masters. In 2003, \$33,500 was paid, which is an increase of \$8,000 in four years. The additional \$8,000 was due to an increase in membership not due to fee increases. Mountain View Masters is a nonprofit organization. The City of Sunnyvale's masters program pays the for-profit California Sports Center \$38,000 annually, and they have an Olympic-size pool with exclusive use of the facility when the high school is not using it. For the past 10 years, Mountain View Masters has paid 50 percent of their generated revenues for

pool use. Revenues from the organization account for only 20 percent of total aquatic revenues for the City of Mountain View, while only utilizing 7 percent of the pool use time. Ms. Branch stated that 100 percent of every membership rate increase has gone to pay for the pool use.

Commissioner Means asked if Mountain View Masters membership has considered a limit on the number of memberships in order to avoid overuse of the pool lanes. Ms. Schuster responded no.

Commissioner Bryant stated cost recovery rates for recreation programs should be different from rates for other City departments because there is value to the City in these programs. She thinks that organized groups could be asked to pay a higher cost recovery rate than individuals.

Commissioner Means stated variations will occur due to the types of services provided by each department. He does not feel it is useful to use program costs as a basis to determine fees. The golf course is priced higher than comparable courses as it is maintained better. It also generates enough revenue to cover the costs. Golf greens fees are not based on costs. For recreation classes, the City should cover all direct costs (materials, teacher salary, etc.).

Commissioner Fernandez stated a survey of other cities is helpful to understand fees charged by other local municipalities. Cost is only one aspect for setting fees.

Commissioner Inks stated the focus of this study is to cover administrative costs related to the program. Most fee increases would be inflationary. Thorough research has been done, but it is still difficult to recommend any fee increases based on:

- A cost analysis based solely on fee recovery from selective City departments.
- Cost recovery based on layered, fully staffed, fully burdened overhead and administrative costs that ballooned proposed fees.
- Maximus study "Activity-Based Costing," "process analytics" appeared to repackage staff input, discuss user fee versus taxes in subjective terms, but not really justify the recommended fee increases.

- Staggering fee multiples in other departments would likely not be accepted.

Commissioner Inks stated the Commission has considered and unanimously recommended fee increases on a case-by-case basis when such increases were better justified and sometimes even supported by users (e.g., golf course fees).

Commissioner Mussman stated it is very difficult to make a decision as there is not enough time to analyze the data thoroughly. Also, the Commission does not have financial background to make comprehensive recommendations. He stated he is not supportive of a cost recovery process as a way to justify fee increases.

Commissioner Bryant stated it is difficult to understand all the fees and user needs of facilities and the appropriate fees to charge. Decisions would be easier to make if the Commission discussed specific recreation areas one at a time as was performed during the golf course rate discussion.

Commissioner Means stated facility use fees should not be based upon how much revenue a particular program generates. All programs should pay the same amount per hour. The City will need to consider allowing users who generate more revenue per use over other less revenue-generating users.

Commissioner Bryant stated if an adult swim class brings in more revenue, it should not mean that youth classes be reduced and more adult classes be offered. She stated she is not supportive of making recommendations tonight as she does not agree with fees based upon a cost-recovery system.

Commissioner Mussman stated the Commission can make a recommendation to not make changes to the current fees. Senior Administrative Analyst stated it would be helpful to know what information the Commission would need in order to make a recommendation later. Commissioner Means stated he would like more information on any policies on facility usage and which costs should be covered. Senior Administrative Analyst stated that no policies have been established.

Commissioner Bryant stated recreation programs cannot be compared to other departments. There are diverse programs offered in recreation. Use of facilities varies with each user group and fees can be higher or lower depending on the type of use.

Commissioner Mussman stated he would like detailed information of each facility, including the types of users. This information was generated for the recent field usage report. The Commission could review all programs individually over the next fiscal year.

On a motion made by Commissioner Bryant, seconded by Commissioner Inks, Commission voted 5-0 to recommend City Council not approve changes to the Recreation Division's fee schedule.

Commissioner Inks stated he would like an advisory statement from City Council to indicate the necessary cost recovery rates for each program.

On a motion made by Commissioner Bryant, seconded by Commissioner Inks, Commission voted 5-0 to recommend to City Council that the Commission develop guiding principles to be used for setting recreation fees by evaluating each recreation program based on detailed program costs, priority in terms of value to the community, the number of users and efficiencies.

Commissioner Means stated it would be helpful to have a description of all direct and fixed costs for each program as was provided when the Commission reviewed the golf green fees rate increase report.

Senior Administrative Analyst stated the Recreation Division offers a fee waiver to those in need who might not otherwise be able to participate in recreation programs. Fee waivers are offered for most classes and camps but do not apply to facility, barbecue or field rentals and adult sports or tennis programs. Recently, fee waiver use in Mountain View has increased significantly. Staff believes it is due to changes to the program that were implemented beginning with the fall 2002 registration. The intent of the changes was to make the process of receiving the fee waiver simpler. Families who are qualified for the school district's free and reduced lunch program automatically are now qualified for recreation fee waivers. In the past, registrants were required to make an appointment with Community Services Agency for each registration period (four per year) and were then limited to four classes per child per season. Currently, a family would only need to present the approved free or reduced lunch program letter to receive a 100 percent fee waiver on all recreation classes offered. The registrants are only required to present this authorization on an annual basis. Families who do not participate in the school district's lunch program are eligible to receive a fee waiver through Community Services Agency directly. Currently, there is no limit on the number of classes a child can be enrolled in. There has been a significant

increase in the number of fee waiver registrations which have resulted in a decline in revenue. In 2003, the total amount of fees waived was \$118,000 which equates to 14 percent of the fee-based recreation programs. Another concern is that there has been an increase in the number of "no shows" by fee waiver participants. Staff is considering a no-show fee or other methods to help reduce this problem.

Senior Administrative Analyst stated nine local cities were surveyed, five of which have a dollar value fee waiver limit per family. One city has no cap, but the program is controlled by a limited budget for the fee waiver program.

Staff recommends for those participants in the school district's reduced lunch program a 50 percent fee waiver with a cap of \$400 per family per year. Staff also recommends for those participants in the school district's free lunch program a 100 percent fee waiver with an \$800 cap per family per year. Staff also recommends Community Services Agency to grant either a 50 percent waiver with a \$400 cap per family or a 100 percent fee waiver with an \$800 cap per family based on eligibility guidelines.

Commissioner Bryant stated 70 percent of fee waiver families who participated in either the fall 2003 session or winter 2003-04 recreation programs have received fee waivers of \$800 or less, and, therefore, establishing a cap at this amount should not cause financial problems for most families.

Commissioner Means asked if a fee waiver is available for youth sports programs. Senior Administrative Analyst stated there is a separate youth sports fee waiver program. The City transfers funds directly to the youth sports organization if a child qualifies for a waiver.

Commissioner Bryant stated "no shows" cause both lost revenue by the nonpaid participant and also an inability to fill the spot by another participant, either paid or nonpaid.

Commissioner Inks asked how many children benefited from the \$118,000 value of fee waivers. Senior Administrative Analyst stated that the data is currently available only for two registration sessions and she does not have those numbers with her tonight.

Commissioner Means asked if nonresidents are eligible for fee waivers. Senior Administrative Analyst stated no.

Commissioner Fernandez asked what percentage of the school population is currently eligible for the fee waiver program and how does this percentage compare to the percentage of actual fee waiver registrations for recreation classes. Senior Administrative Analyst stated she will need to research this item.

Commissioner Bryant stated the increase in the number of fee waiver participants indicates how successful the program is. She supports a cap per child, not per family. A family cap penalizes families with more children. Senior Administrative Analyst stated it is difficult to track individual fee waivers as sometimes parents could use a different name for their child as is already occurring.

On a motion made by Commissioner Means, seconded by Commissioner Fernandez, Commission voted 5-0 to recommend to City Council 50 percent and 100 percent fee waivers based on eligibility of either reduced or free lunch.

Commissioner Means asked on average what is the dollar value each fee waiver participant, rather than each family, received from the City. Senior Administrative Analyst stated she did not know.

On a motion made by Commissioner Fernandez, seconded by Commissioner Inks, Commission voted 4-1 (Bryant opposed) to recommend the City place a \$400 cap for participants eligible for 50 percent fee waivers and an \$800 cap per family for participants eligible for 100 percent fee waivers. Commissioner Bryant stated she prefers a cap based upon each child, not per family.

6. COMMISSION/STAFF COMMENTS, QUESTIONS, COMMISSION REPORTS

Commissioner Means stated an article was in the *Palo Alto Daily News* which listed the Rengstorff House as a great location for rentals.

7. ADJOURNMENT

On a motion made by Commissioner Fernandez, seconded by Commissioner Means, the Commission voted 5-0 to adjourn at 9:50 p.m.

Respectfully submitted,

Jayne Matsumoto
Executive Assistant

JM/9/CSD
202-04-28-04mn^

CATEGORY: Parks and Recreation Commission

DOCUMENT TYPE: Minutes

DATE: 04/28/04

DEPARTMENT: Community Services

DOCUMENT TITLE: Parks and Rec Minutes Special Meeting-April 28, 2004

Comparison of Current Fee, Preliminary Fee Recommendations and Fee Option

Attachment F

Project	Project Units	P L A N N I N G					
		Current Fees	Prelim. Rec. Fees	% Fee Increase	Unit Cost Increase	50% of Cost Recovery or Current Fee(1)	Modified Unit Cost Increase
919 Mountain View Ave.	4						
4 small-lot single family PUD							
Bldg. Valuation							
PW Valuation							
Planning Applications							
DRC >2000 Sq. Ft.		1,916	1,974	3%	\$15	* 1,916	\$0
PUD (ZA/CC review)		3,592	5,324	48%	\$433	* 3,592	\$0
Tenative Map		1,892	2,472	31%	\$145	* 1,892	\$0
Heritage Tree Removal		56	449	702%	\$98	225	\$42
Initial Study/Neg. Dec.		768	2,536	230%	\$442	1,268	\$125
		8,224	12,755	55%	\$1,133	8,893	\$167

* Current fee charged since 50% of actual cost is < current fee.

Project	Project Units	P U B L I C W O R K S					
		Current Fees	Prelim. Rec. Fees	% Fee Increase	Unit Cost Increase	75% of Cost Recovery	Modified Unit Cost Increase
919 Mountain View Ave.	4						
4 small-lot single family PUD							
Bldg. Valuation							
PW Valuation		9,955	18,136	82%	\$2,045	13,602	\$912
Planning Applications							
DRC >2000 Sq. Ft.							
PUD (ZA/CC review)							
Tenative Map							
Heritage Tree Removal							
Initial Study/Neg. Dec.							
		9,955	18,136	82%	\$2,045	13,602	\$912

Project	Project Units	T O T A L I N C R E A S E S				PW & Planning Option	Modified Unit Cost Increase
		Current Fees	Prelim. Rec. Fees	% Fee Increase	Unit Cost Increase		
919 Mountain View Ave.	4						
4 small-lot single family PUD							
PW Valuation		\$9,955	\$18,136	82%	\$2,045	\$13,602	\$912
Planning Applications							
DRC >2000 Sq. Ft.		\$1,916	\$1,974	3%	\$15	\$1,916	\$0
PUD (ZA/CC review)		\$3,592	\$5,324	48%	\$433	\$3,592	\$0
Tenative Map		\$1,892	\$2,472	31%	\$145	\$1,892	\$0
Heritage Tree Removal		\$56	\$449	702%	\$98	\$225	\$42
Initial Study/Neg. Dec.		\$768	\$2,536	230%	\$442	\$1,268	\$125
		\$18,179	\$30,891	70%	\$3,178	\$22,495	\$1,079

(1) Option #1: 50% reduction for housing projects of 2-10 units

Planning - Cost of Service Analysis and Recommendations

Attachment G

Cost of Service Analysis

Recommendations

Comparables

Planning Services

Fees Recommended at 100% Recovery

		Current Fee	Revenue at Current Fee (1)	Unit Cost	Total Surplus or (Subsidy)
1	Agendas and Minutes: EPC Staff Reports - Subscription	\$ 36	\$ 864	\$ 267	\$ (5,544)
2	Agendas and Minutes: EPC Agendas - Subscription	\$ 10	\$ 240	\$ 133	\$ (2,964)
3	Agendas and Minutes: EPC Minutes - Subscription	\$ 36	\$ 864	\$ 133	\$ (2,340)
4	Agendas and Minutes: DRC Agendas - Subscription	\$ 16	\$ 240	\$ 53	\$ (561)
5	Agendas and Minutes: DRC Minutes - Subscription	\$ 36	\$ 540	\$ 57	\$ (318)
6	Agendas and Minutes: ZA Minutes - Subscription	\$ 36	\$ 432	\$ 53	\$ (209)
7	Agendas and Minutes: ZA Agendas - Subscription	\$ 10	\$ 120	\$ 57	\$ (567)
8	Alcoholic Bev License (Public Hearing, ZA Review)	\$ 639	\$ 3,195	\$ 1,136	\$ (2,487)
9	Cellular Antenna (4) (5)	(4)	0	\$ 3,290	(4a)
10	DRC >2000 SF	\$1,916 + hourly	\$ 38,320	\$ 1,974	\$ (1,158)
11	DRC Minor Setback & Floor Area Ratio	\$ 409	\$ 4,090	\$ 1,136	\$ (7,275)
12	General Plan Amendment	\$1,276 + hourly	\$ 1,276	\$ 5,204	\$ (3,928)
13	Maps: Parcel Map	\$ 954	\$ 4,770	\$ 1,660	\$ (3,532)
14	Maps: Tentative Map	\$ 1,892	\$ 9,460	\$ 2,472	\$ (2,900)
15	PCP: Architectural Review	\$ 825	\$ 16,500	\$ 1,914	\$ (21,782)
16	PCP: Major Modification (ZA Review)	\$ 1,574	\$ 3,148	\$ 2,991	\$ (2,834)
17	PCP: New Construction (ZA & CC Review)	\$3,592 + hourly	\$ 14,368	\$ 6,041	\$ (9,798)

Preliminary Fee Recomm'd	Option #1 (50% Reduction: Housing of 2-10 Units)	Option #2 (25% Reduction: All Housing)
\$ 267	\$ 267	\$ 267
\$ 133	\$ 133	\$ 133
\$ 133	\$ 133	\$ 133
\$ 53	\$ 53	\$ 53
\$ 57	\$ 57	\$ 57
\$ 53	\$ 53	\$ 53
\$ 57	\$ 57	\$ 57
\$ 1,136	\$ 1,136	\$ 1,136
\$ 3,290	\$ 3,290	\$ 3,290
\$ 1,974	2-10 units: \$1,916 +hourly Other: \$1,974 +hourly	Housing: \$1,916 +hourly Other: \$1,974 +hourly
\$ 1,136	\$ 1,136	Housing:\$852 Other:\$1,136
\$ 5,204	\$5,204 +hourly	\$5,204 +hourly
\$ 1,660	2-10 units: \$954 Other: \$1,660	Housing:\$1,245 Other:\$1,660
\$ 2,472	2-10 units:\$1,892 Other:\$2,472	Housing:\$1,892 Other:\$2,472
\$ 1,914	\$ 1,914	Housing:\$1,436 Other:\$1,914
\$ 2,991	\$ 2,991	Housing:\$2,243 Other:\$2,991
\$6,041 +hourly	\$6,041 +hourly	Housing: \$4,531 +hourly Other: \$6,041 +hourly

Not included in fee survey					
Not Avail.	\$5701+ \$1000 per wireless facility and \$5 per antenna	Not Avail.	Not Avail.	Not Avail.	Not Avail.
\$4,160 over 10,000 sq.ft.	\$2,757 - \$5,701	\$5,568	\$2,000 deposit, \$8,000 max	\$2,000 deposit (full cost)	\$2,800 to \$4,200
\$2,610	\$1,339	\$2,837	Not Avail.	\$1,312	Not Avail.
\$5,200- \$9,100	\$5,593 - \$11,185	\$6,899 to \$28,506 (varies for zones)	\$2,000 deposit, \$8,000 max	\$5,000 + \$1,500 legal fee deposit (full cost)	\$7,115
\$2,720	\$5,701	\$5,875	\$2,000 deposit, \$8,000 max	\$683 to \$800	\$800 - \$980
\$4,170	\$12,206	\$9,316	\$2,000 deposit, \$8,000 max	\$5,420 + \$2,155 (tentative and final) for 5+ lots	\$1450 - \$2060
\$3,270- \$4,160	\$2,757 - \$5,701	Not Avail.	\$2,000 deposit, \$8,000 max	\$2,000 + \$1,500 legal fee deposit (full cost)	Not Avail.
\$4,975- 9,750	\$5,701	50% of fee	\$2,000 deposit, \$8,000 max	\$1,500 legal fee deposit (full cost)	Not Avail.
\$4,975- 9,750	\$5,701 - \$12,206	\$19,017 to \$28,506 (varies for zones & whether GPA incl.)	\$2,000 deposit, \$8,000 max	\$6,000 + \$1,500 legal fee deposit (full cost)	Not Avail.

Planning - Cost of Service Analysis and Recommendations

Attachment G

Cost of Service Analysis						Recommendations			Comparables					
Planning Services						Preliminary Fee Recomm'd	Option #1 (50% Reduction: Housing of 2-10 Units)	Option #2 (25% Reduction: All Housing)	Campbell	Cupertino	Los Gatos	Milpitas	Palo Alto	Santa Clara
		Current Fee	Revenue at Current Fee (1)	Unit Cost	Total Surplus or (Subsidy)									
18	PCP: New Construction (ZA Review)	\$2,834 + hourly	\$ 11,336	\$ 3,051	\$ (866)	\$3,051 +hourly	\$3,051 +hourly	Housing: \$2,834 +hourly Other: \$3051 +hourly	\$4,975-9,750	\$5,701 - \$12,206	\$19,017 to \$28,506 (varies for zones & whether GPA incl.)	\$2,000 deposit, \$8,000 max	\$6,000 + \$1,500 legal fee deposit (full cost)	\$3,110
19	PCP: Provisional Uses	\$1,574 + hourly	\$ 23,610	\$ 2,572	\$ (14,971)	\$2,572 +hourly	\$2,572 +hourly	\$2,572 +hourly	\$2,500	\$5,701 - \$12,206	\$3,680 (\$640 when combined with other application)	\$1,000 deposit \$4,000 max	Not Avail.	Not Avail.
20	PCP: Use Changes (ZA Review)	\$ 835	\$ 12,525	\$ 1,256	\$ (6,317)	\$ 1,256	\$ 1,256	\$ 1,256	\$2,500	\$963 - \$5,701	Not Avail.	\$1,000 deposit \$4,000 max	Not Avail.	Not Avail.
21	PUD Major Modification (ZA Review)	\$ 1,574	\$ 1,574	\$ 2,333	\$ (759)	\$ 2,333	2-10 units:\$1,574 Other:\$2,333	Housing:\$1,750 Other:\$2,333	\$4,975-9,750	50% of fee	50% of fee	\$2,000 deposit, \$8,000 max	\$6,000 + \$1,500 legal fee deposit (full cost)	Not Avail.
22	PUD Minor Modification (DRC Review)	\$ 835	\$ 3,340	\$ 1,256	\$ (1,685)	\$ 1,256	2-10 units:\$835 Other:\$1,256	Housing:\$942 Other:\$1,256	\$4,975-9,750	25% of fee	50% of fee	\$250 - \$2,000 deposit and \$8,000 max.	\$735	Not Avail.
23	PUD New Construction (ZA Review)	\$2,834 + hourly	\$ 11,336	\$ 3,888	\$ (4,216)	\$3,888 +hourly	2-10 units: \$2,834 +hourly Other: \$3,888 +hourly	Housing: \$2,916 +hourly Other: \$3,888 +hourly	\$4,975-9,750	\$5,701 - \$12,206	\$19,017 to \$28,506 (varies for zones & whether GPA incl.)	\$2,000 deposit, \$8,000 max	\$6,000 + \$1,500 legal fee deposit (full cost)	\$3,110
24	PUD New Construction (ZA & CC Review)	\$3,592 + hourly	\$ 17,960	\$ 5,324	\$ (8,658)	\$5,324 +hourly	2-10 units: \$3,592 +hourly Other: \$5,324 +hourly	Housing: \$3,993 +hourly Other: \$5,324 +hourly	\$4,975-9,750	\$5,701 - \$12,206	\$19,017 to \$28,506 (varies for zones & whether GPA incl.)	\$2,000 deposit, \$8,000 max	\$6,000 + \$1,500 legal fee deposit (full cost)	Not Avail.
25	Precise Plan-Privately Initiated/Amended	\$1,916 + hourly	\$ 1,916	\$ 9,870	\$ (7,954)	\$9,870 +hourly	Major: \$9,870 +hourly Minor: \$4,935 +hourly	Major: \$9,870 +hourly Minor: \$4,935 +hourly	\$5,200- \$9,100	\$2,770 - \$11,473	\$19,017 to \$28,506 (varies for zones & whether GPA incl.)	\$2,000 deposit, \$8,000 max	\$6,000 + \$1,500 legal fee deposit (full cost)	Not Avail.
26	Precise Plan-New/Major Rewrite	\$1,916 + hourly	\$ 1,916	\$ 223,173	\$ (221,257)	\$9,870 +hourly	\$9,870 +hourly	\$9,870 +hourly	\$5,200- \$9,100	\$2,770 - \$11,473 deposit (full cost)	\$19,017 to \$28,506 (varies for zones & whether GPA incl.)	\$2,000 deposit, \$8,000 max	\$6,000 + \$1,500 legal fee deposit (full cost)	Not Avail.
27	Street Plan Line Adoption or Amendment (3)	\$ 1,916	(3)	\$ 9,870	(3)	\$ 9,870	\$ 9,870	\$ 9,870	Not Avail.	\$2,770 - \$11,473	Not Avail.	Not Avail.	Not Avail.	Not Avail.
28	(TOD): New Construction (ZA, Council Review)	\$3,592 + hourly	\$ 3,592	\$ 6,520	\$ (2,928)	\$6,520 +hourly	\$6,520 +hourly	Housing: \$4,890 +hourly Other: \$6,520 +hourly	\$4,975-9,750	\$5,701 - \$12,206	\$19,017 to \$28,506 (varies for zones & whether GPA incl.)	\$2,000 deposit, \$8,000 max	\$6,000 + \$1,500 legal fee deposit (full cost)	\$3,110

Planning - Cost of Service Analysis and Recommendations

Attachment G

Cost of Service Analysis						Recommendations			Comparables					
Planning Services						Preliminary Fee Recomm'd	Option #1 (50% Reduction: Housing of 2-10 Units)	Option #2 (25% Reduction: All Housing)	Campbell	Cupertino	Los Gatos	Milpitas	Palo Alto	Santa Clara
		Current Fee	Revenue at Current Fee (1)	Unit Cost	Total Surplus or (Subsidy)									
29	Zoning: Map Amendment & Rezone	\$1,276+ hourly	\$ 1,276	\$ 6,281	\$ (5,005)	\$6,281 +hourly	\$6,281 +hourly	\$6,281 +hourly	\$5,200-\$9,100	\$2,770 - \$11,473	\$19,017 to \$28,506 (varies for zones & whether GPA incl.)	\$2,000 deposit, \$8,000 max	\$5,000 + \$1,500 legal fee deposit (full cost)	\$2150-\$4460
30	Zoning: Text Amendment	\$1,276+ hourly	\$ 1,276	\$ 6,281	\$ (5,005)	\$6,281 +hourly	\$6,281 +hourly	\$6,281 +hourly	Full cost	\$2,770 - \$11,473	\$2,000 deposit (full cost)	\$2,000 deposit, \$8,000 max	\$5,000 + \$1,500 legal fee deposit (full cost)	\$2150-\$4460
31	Variance Other Zones	\$ 1,276	\$ 5,104	\$ 2,094	\$ (3,270)	\$ 2,094	\$ 2,094	\$ 2,094	\$2,610	\$1,377	\$2,837	\$1,000 deposit \$4,000 max	\$2,500	\$1,760
32	Environmental Review - Compliance Letter (3)	(4)	0	\$ 203	\$ (20,337)	\$ 203	\$ 203	\$ 203	Not Avail.	Not Applicable	Not Avail.	Not Avail.	Not Avail.	Not Avail.
33	Environmental Review - Initial Study	\$768 + hourly or Cost + 15%	\$ 56,850	\$ 2,536	\$ (133,364)	\$2,536 +hourly	2-10 units: \$1,268 +hourly Other: \$2,536 +hourly	Housing: \$1,902 +hourly Other: \$2,536 +hourly	Not Avail.	\$1,643 - \$3,285	\$2,500 deposit (full cost) & \$1,484 Neg. Dec.	\$50	\$2,000 + \$1,500 legal fee deposit (full cost)+ \$1,000 + \$1,500 mitigation monitoring deposit	\$1,025
Fees Recommended at 50% Recovery (or current fee)														
34	Appeal to Council	100% of original fee (\$500 max)	\$ 1,000	\$ 2,692	\$ (4,383)	R1 - \$500 & Non R1 - \$1,346	R1 - \$500 & Non R1 - \$1,346	R1 - \$500 & Non R1 - \$1,346	\$100	\$145	R1: \$129-\$258 non-R1: \$517-1,033	\$100	\$120	\$500
35	Conditional Use Permit: Modification	\$ 835	\$ 8,350	\$ 3,290	\$ (24,549)	\$ 1,645	\$ 1,645	\$ 1,645	\$1,770	Major - 50% of fee Minor - 25% of fee	75% of original fee	50% except Family daycare and S zones 100%	\$635 to \$653	Not Avail.
36	Conditional Use Permit: New	\$ 1,574	\$ 31,480	\$ 3,290	\$ (34,317)	\$ 1,645	\$ 1,645	\$ 1,645	\$2,500	\$5,701 - \$12,206	\$3,680 (\$640 when combined with other application)	\$1,000 deposit \$4,000 max	\$2,500	\$1,760
37	DRC <2000 SF	\$ 557	\$ 11,140	\$ 897	\$ (6,805)	\$ 557	\$ 557	\$ 557	\$3,270 upto 10,000 sq.ft.	\$2,757	\$1,362	\$250	\$200-\$420	\$835
38	DRC Major FAR Exception in R1 Districts	\$ 1,578	\$ 4,734	\$ 4,725	\$ (9,442)	\$ 2,363	\$ 2,363	\$ 2,363	\$2,610	\$1,339	\$2,837	\$375	\$1,312	Not Avail.
39	DRC New ConstAdditions on R1 Lots < 5,000 SF, < 40' W	\$ 639	\$ 3,195	\$ 1,854	\$ (6,076)	\$ 927	\$ 927	\$ 927	\$470	\$1,915	\$5,050	Not Avail.	\$1,100	Not Avail.
40	DRC Structures on New Stand. Subdivisions of Five+ lots	\$1,805 + hourly	\$ 1,805	\$ 5,084	\$ (3,279)	\$2,542 +hourly	\$2,542 +hourly	\$2,542 +hourly	\$470 per unit	\$1,915	\$2,685 per unit	Not Avail.	\$1,100 each (2 story)	Not Avail.
41	DRC Use Change and Fences	\$ 66	\$ 990	\$ 897	\$ (12,469)	\$ 449	\$ 449	\$ 449	\$258 (fence exc.)	\$2,757	Not Avail.	Not Avail.	\$660 fences	Not Avail.
42	Extensions of Existing Approval (w/in two years of origina	50% of original	\$ -	\$ 1,017	\$ (5,084)	\$ 508	\$ 508	\$ 508	\$1,765	50% of fee	50% of fee	\$300	Not Avail.	Not Avail.
43	Heritage Tree Removal Permit	\$ 56	\$ 560	\$ 897	\$ (8,412)	\$ 449	\$ 449	\$ 449	\$69	\$795 - \$2,462	\$52	Not Avail.	\$150	Not Avail.
44	Lot Line Adjustment (includes lot line merger)	\$ 647	\$ 3,235	\$ 1,159	\$ (2,561)	\$ 647	\$ 647	\$ 647	Not Avail.	Not Applicable	\$638 to \$1,293		Not Avail.	\$745

Planning - Cost of Service Analysis and Recommendations

Attachment G

Cost of Service Analysis					Recommendations			Comparables									
Planning Services					Current Fee	Revenue at Current Fee (1)	Unit Cost	Total Surplus or (Subsidy)	Preliminary Fee Recomm'd	Option #1 (50% Reduction: Housing of 2-10 Units)	Option #2 (25% Reduction: All Housing)	Campbell	Cupertino	Los Gatos	Milpitas	Palo Alto	Santa Clara
45	PCP: Code Compliance Review				\$ 197	\$ 2,955	\$ 1,316	\$ (16,784)	\$ 658	\$ 658	\$ 658	Not Avail.	Not Applicable	Not Avail.	Not Avail.	Not Avail.	\$300
46	Sidewalk Cafés				\$50 + \$3/sf or \$600/pkg place	\$ 6,000	\$ 837	\$ (6,561)	\$ 419	\$ 419	\$ 419	Not Avail.	Not Applicable	Not Avail.	Not Avail.	Not Avail.	Not Avail.
47	Signs: Copy Change Only				\$ 66	\$ 660	\$ 299	\$ (2,331)	\$ 150	\$ 150	\$ 150	\$255 per sign	No Charge	\$117	\$250	\$200	Not Avail.
48	Signs: New				\$ 197	\$ 9,850	\$ 419	\$ (11,086)	\$ 209	\$ 209	\$ 209	\$255 per sign	\$551	\$284	\$250	\$420 (approved) to \$830 (no permit & exceptions)	\$60 - \$840
49	Special Design District				\$ 664	\$ 664	\$ 1,735	\$ (1,071)	\$ 867	\$ 867	\$ 867	\$765	No Applicable	Not Avail.	\$250	\$924	Not Avail.
50	Temp Use Permit: Food				\$ 60	(7)	\$ 419	\$ (426)	\$ 209	\$ 209	\$ 209	Not Avail.	\$1,100	Not Avail.	Not Avail.	Not Avail.	Not Avail.
51	Temp Use Permit: Planning/Bldg Review				\$ 60	\$ 900	\$ 419	\$ (5,381)	\$ 209	\$ 209	\$ 209	Not Avail.	\$1,100	Not Avail.	Not Avail.	Not Avail.	Not Avail.
52	Temp Use Permit: Planning/Bldg/Police or Fire Review				\$ 118	\$ 590	\$ 419	\$ (1,504)	\$ 209	\$ 209	\$ 209	Not Avail.	\$1,100	Not Avail.	Not Avail.	Not Avail.	Not Avail.
53	Temp Use Permit:Plan/Bldg/Police/Fire/Code Enf Review				\$ 179	\$ 895	\$ 359	\$ (899)	\$ 179	\$ 179	\$ 179	Not Avail.	\$1,100	Not Avail.	Not Avail.	Not Avail.	Not Avail.
54	(TOD): Major Modification (ZA Review)				\$ 1,574	\$ 1,574	\$ 2,931	\$ (1,357)	\$ 1,574	\$ 1,574	\$ 1,574	\$4,975-9,750	50% of fee	50% of fee	\$2,000 deposit, \$8,000 max	\$6,000 + \$1,500 legal fee deposit (full cost)	Not Avail.
55	(TOD): Minor Modification (DRC Review)				\$ 835	\$ 835	\$ 1,495	\$ (660)	\$ 835	\$ 835	\$ 835	\$4,975-9,750	25% of fee	50% of fee	\$2,000 deposit, \$8,000 max	Not Avail.	Not Avail.
56	Variance: R1/R2				\$ 693	\$ 2,772	\$ 2,094	\$ (5,602)	\$ 1,047	\$ 1,047	\$ 1,047	\$2,610	\$1,339	Not Avail.	\$375	\$1,312	R1: \$250
Fees Kept at a Low Rate										\$ -	\$ -						
57	Conditional Use Permit: Child-Care Center				\$ 114	\$ 114	\$ 2,094	\$ (1,980)	\$ 114	\$ 114	\$ 114	Not Avail.	\$5,701 - \$12,206	Not Avail.	Not Avail.	\$120	Not Avail.
58	Conditional Use Permit: Family Child-Care Center				\$ 60	\$ 60	\$ 897	\$ (837)	\$ 60	\$ 60	\$ 60	Not Avail.	No Charge	Not Avail.	\$50	Not Avail.	Not Avail.
59	Conditional Use Permit: Nonprofit Housing or Similar				\$ 60	\$ 60	\$ 4,725	\$ (4,665)	\$ 60	\$ 60	\$ 60	Not Avail.	\$5,701 - \$12,206	Not Avail.	Not Avail.	Not Avail.	Not Avail.
60	DRC Child-Care Centers				\$ 64	\$ 64	\$ 4,486	\$ (4,422)	\$ 64	\$ 64	\$ 64	Not Avail.	\$2,757 - \$5,701	Not Avail.	Not Avail.	Not Avail.	\$850
61	Temp Use Permit: Nonprofit Housing				\$ 60	(7)	\$ 419	\$ (426)	\$ 60	\$ 60	\$ 60	Not Avail.	Not Applicable	Not Avail.	Not Avail.	Not Avail.	Not Avail.
	Total				\$ 346,520			\$ (687,733)	\$ 679,221	490,757	542,728						

(2)

(1) Revenue estimate calculated using average volumes.

(2) Revenue projections calculated with recommended fee assume an average volume.

(3) These projects are fairly rare and happen about once every 10 years. However, they involve a considerable amount of time and effort and include a number of studies.

(4) Recommended as a new fee.

(4a) There are no current revenues associated with this fee as it is recommended as a new fee. However, it involves the same amount of time as a Conditional Use Permit Modification.

(5) Tied to Conditional User Permit activity.

(6) Although there is history on the volume of appeals it does not include the breakout between R1 and non-R1.

(7) Occur infrequently

Attachment H1

1 of 2

Fire Prevention - Cost of Service Analysis (General Fund)

Attachment H1

Cost of Service Analysis					Recommendations		Comparables				
Fire Prevention Services	Current Fee	Revenue at Current Fee (1)	Unit Cost	Surplus (Subsidy)	Preliminary Fee Recommend.	Option #1 (6)	Milpitas	Palo Alto	San Jose	Santa Clara	Sunnyvale
Multi Family Common Area Inspections											
Current Program	None	0	\$ 18.99	\$ (360,727)	None		\$133/ building	No Fee	No Fee	\$5/unit (residential with +3 units)	No Fee
Recommended Program (w/staffing changes)	None	0	\$ 15.09	\$ (286,779)	None						

Current Programs

\$ 147,249

(547,523)

\$ 307,276

Recommended Programs

\$ 147,249

\$ (360,348)

\$ 202,627 \$ 202,627

- (1) Revenue estimate calculated using average volumes.
- (2) Revenue projections calculated with recommended fee assume an average volume.
- (3) Each occupancy, depending on the types of materials inspected, could be assessed fees for up to a maximum of four fire safety permits.
- (4) Fee based on the calculated hourly rate to perform an inspection. No revenue or total cost projection included as these are done on an "as needed basis" for non compliant businesses.
- (5) Include residential care facilities, fireworks displays, pyrotechnical special events, parades, temporary installations and other special events.
- (6) At the end of each fiscal year staff would recalculate the per unit fee based on the total cost of the program net of the penalties paid by the property owners with code violations.

*Current Multi Housing Inspection Tier Structure:

Number of Units in Complex	Current per-unit fee "Non- Serious"	Current per-unit fee "Serious"
3-20	\$3.75	\$18.75
21-50	\$2.50	\$12.50
51+	\$1.25	\$6.25

Note: Some information on this spreadsheet has been changed since the preparation of the fee study report. Those changes are as follows:

- *Fire Safety Permits for Non Hazardous Materials Occupancy - current revenue changed to reflect actual amount received during the study period.
- *Special Events/R1 Inspection - upon further review staff realized that some overtime costs had been included in total costs of Special Events that should have been included in the total cost of Multi Family Common Area Inspections.

Hazardous Materials Program - Cost of Service Analysis (Wastewater Fund)

Attachment H2

Cost of Service Analysis				Revenue Analysis
Hazardous Materials Programs	Current Fee	Unit Cost	Total Surplus (Subsidy)	Preliminary Fee Recommend. (1)
Fire Safety Permits (2):				
Facility Inspection (per square foot) (3) (4)	None	\$ 0.01	\$ (114,621)	\$ 0.01
Fire Reinspections	None	\$ 289	\$ (6,354)	\$ 289
Fire Inspections		\$ -		\$ -
Aerosol Products	\$ 88	\$ 161	\$ (73)	\$ 161
Battery System	\$ 88	\$ 161	\$ (364)	\$ 161
Assembly Occupancy Areas	\$ 88	\$ 161	\$ -	\$ 161
Combustible fiber Storage	\$ 88	\$ 161	\$ -	\$ 161
Combustible materials Storage	\$ 88	\$ 161	\$ (73)	\$ 161
Commercial Rubbish Handling	\$ 88	\$ 161	\$ (73)	\$ 161
Compressed Gases	\$ 88	\$ 161	\$ -	\$ 161
Cryogenes	\$ 88	\$ 161	\$ -	\$ 161
Dry Cleaning Plant	\$ 88	\$ 161	\$ (1,165)	\$ 161
Dust-Producing Operations	\$ 88	\$ 161	\$ (364)	\$ 161
Explosives or Blasting agents	\$ 88	\$ 161	\$ -	\$ 161
Flammable or Combustible Liquids & Tanks	\$ 88	\$ 161	\$ (9,392)	\$ 161
High Piled Combustible Storage	\$ 88	\$ 161	\$ (728)	\$ 161
Hot Works Operations	\$ 88	\$ 161	\$ (6,989)	\$ 161
Liquefied Petroleum Gases	\$ 88	\$ 161	\$ (1,019)	\$ 161
Ovens - Industrial Baking or drying	\$ 88	\$ 161	\$ -	\$ 161
Places of Assembly	\$ 88	\$ 161	\$ (2,621)	\$ 161
Refrigeration Equipment	\$ 88	\$ 161	\$ -	\$ 161
Repair Garages	\$ 88	\$ 161	\$ (8,154)	\$ 161
Spraying or Dipping	\$ 88	\$ 161	\$ (1,383)	\$ 161
Wood Products	\$ 88	\$ 161	\$ (73)	\$ 161
Motor Vehicle fuel dispensing	\$ 88	\$ 161	\$ (1,529)	\$ 161
Hazardous Materials	\$ 88	\$ 161	\$ (2,184)	\$ 161
Lumber Yard	\$ 88	\$ 161	\$ (73)	\$ 161
Total			\$ (157,231)	\$ 201,055

Comparables				
Milpitas	Palo Alto	San Jose	Santa Clara	Sunnyvale
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306
\$208	\$183	\$340 (avg)	\$100	\$121-\$306

Hazardous Materials Permits:

Plan Review/Inspection (2 hour min)	\$ 88	\$ 156	\$ (19,461)	\$ 88
Reinspections	\$ 88	\$ 156	\$ (2,099)	\$ 88
Facility Closure Review/Inspection	\$ 109	\$ 353	\$ (22,408)	\$ 109

\$208 small \$520 med \$832 large	\$218	\$458	\$200	Not Available
Not Available	Not Available	Not Available	Not Available	Not Available
NC small \$312 med \$520 large	\$228 (2 hrs) +\$95 (ea.add'l hour)	NC small & medium \$458 large	\$100 exempt \$250 non exempt	NC small & medium \$470 large

Hazardous Materials Program - Cost of Service Analysis (Wastewater Fund)

Attachment H2

Cost of Service Analysis				Revenue Analysis	Comparables				
Hazardous Materials Programs	Current Fee	Unit Cost	Total Surplus (Subsidy)	Preliminary Fee Recommend. (1)	Milpitas	Palo Alto	San Jose	Santa Clara	Sunnyvale
Hazardous Materials Permits:					\$208 small \$520 med \$1,040 lg	\$350 auto, dry cleaner & other small \$781 med/large	\$121 each QR	\$125/ hazard class (any amount)	\$395/QR 1,2 \$598/QR 3,4,5
Corrosive (Gas, Liquid, Solid) Q1	\$ 100	\$ 80	\$ 4,806	\$ 100					
Corrosive (Gas, Liquid, Solid) Q2	\$ 200	\$ 160	\$ 2,542	\$ 200					
Corrosive (Gas, Liquid, Solid) Q3	\$ 300	\$ 240	\$ 1,311	\$ 300					
Corrosive (Gas, Liquid, Solid) Q4	\$ 350	\$ 280		\$ 350					
Corrosive (Gas, Liquid, Solid) Q5	\$ 400	\$ 321	\$ 238	\$ 400					
Corrosive (Gas, Liquid, Solid) Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Cryogen Q1	\$ 100	\$ 80	\$ 318	\$ 100					
Cryogen Q2	\$ 200	\$ 160	\$ 993	\$ 200					
Cryogen Q3	\$ 300	\$ 240	\$ 536	\$ 300					
Cryogen Q4	\$ 350	\$ 280	\$ 487	\$ 350					
Cryogen Q5	\$ 400	\$ 321	\$ 159	\$ 400					
Cryogen Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Flammable Gas Q1	\$ 100	\$ 80	\$ 4,925	\$ 100					
Flammable Gas Q2	\$ 200	\$ 160	\$ 6,196	\$ 200					
Flammable Gas Q3	\$ 300	\$ 240	\$ 2,204	\$ 300					
Flammable Gas Q4	\$ 350	\$ 280	\$ 487	\$ 350					
Flammable Gas Q5	\$ 400	\$ 321	\$ 238	\$ 400					
Flammable Gas Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Explosives Q1	\$ 100	\$ 80	\$ 79	\$ 100					
Explosives Q2	\$ 200	\$ 160	\$ -	\$ 200					
Explosives Q3	\$ 300	\$ 240	\$ -	\$ 300					
Explosives Q4	\$ 350	\$ 280	\$ -	\$ 350					
Explosives Q5	\$ 400	\$ 321	\$ -	\$ 400					
Explosives Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Infectious Substances Q1	\$ 100	\$ 80	\$ 40	\$ 100					
Infectious Substances Q2	\$ 200	\$ 160	\$ -	\$ 200					
Infectious Substances Q3	\$ 300	\$ 240	\$ -	\$ 300					
Infectious Substances Q4	\$ 350	\$ 280	\$ -	\$ 350					
Infectious Substances Q5	\$ 400	\$ 321	\$ -	\$ 400					
Infectious Substances Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Oxidizers-Gas, Liquids, Solids Q1	\$ 100	\$ 80	\$ 1,648	\$ 100					
Oxidizers-Gas, Liquids, Solids Q2	\$ 200	\$ 160	\$ 318	\$ 200					
Oxidizers-Gas, Liquids, Solids Q3	\$ 300	\$ 240	\$ 119	\$ 300					
Oxidizers-Gas, Liquids, Solids Q4	\$ 350	\$ 280	\$ 70	\$ 350					
Oxidizers-Gas, Liquids, Solids Q5	\$ 400	\$ 321	\$ -	\$ 400					
Oxidizers-Gas, Liquids, Solids Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Misc Hazardous Materials Q1	\$ 100	\$ 80	\$ 3,793	\$ 100					
Misc Hazardous Materials Q2	\$ 125	\$ 100	\$ 2,408	\$ 125					
Misc Hazardous Materials Q3	\$ 150	\$ 120	\$ 566	\$ 150					

Hazardous Materials Program - Cost of Service Analysis (Wastewater Fund)

Attachment H2

Cost of Service Analysis				Revenue Analysis	Comparables				
Hazardous Materials Programs	Current Fee	Unit Cost	Total Surplus (Subsidy)	Preliminary Fee Recommend. (1)	Milpitas	Palo Alto	San Jose	Santa Clara	Sunnyvale
Misc Hazardous Materials Q4	\$ 175	\$ 140	\$ 70	\$ 175					
Misc Hazardous Materials Q5	\$ 200	\$ 160	\$ 79	\$ 200					
Misc Hazardous Materials Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Organic Peroxides Q1	\$ 100	\$ 80	\$ 99	\$ 100					
Organic Peroxides Q2	\$ 200	\$ 160	\$ -	\$ 200					
Organic Peroxides Q3	\$ 300	\$ 240	\$ -	\$ 300					
Organic Peroxides Q4	\$ 400	\$ 321	\$ -	\$ 400					
Organic Peroxides Q5	\$ 500	\$ 401	\$ -	\$ 500					
Organic Peroxides (5)	\$ -	\$ -	\$ -	\$ -					
Poisonous Materials Q1	\$ 100	\$ 91	\$ 1,060	\$ 100					
Poisonous Materials Q2	\$ 200	\$ 181	\$ 488	\$ 200					
Poisonous Materials Q3	\$ 300	\$ 272	\$ -	\$ 300					
Poisonous Materials Q4	\$ 400	\$ 362	\$ -	\$ 400					
Poisonous Materials Q5	\$ 500	\$ 453	\$ 47	\$ 500					
Poisonous Materials Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Spontaneous Comb Materials Q2	\$ 200	\$ 160	\$ -	\$ 200					
Comb Materials Q1	\$ 100	\$ 80	\$ 20	\$ 100					
Spontaneous Comb Materials Q3	\$ 300	\$ 240	\$ -	\$ 300					
Spontaneous Comb Materials Q4	\$ 400	\$ 321	\$ -	\$ 400					
Spontaneous Comb Materials Q5	\$ 500	\$ 401	\$ -	\$ 500					
Spontaneous Comb Materials Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Dangerous - Wet Materials Q1	\$ 100	\$ 80	\$ 179	\$ 100					
Dangerous - Wet Materials Q2	\$ 200	\$ 160	\$ -	\$ 200					
Dangerous - Wet Materials Q3	\$ 300	\$ 240	\$ -	\$ 300					
Dangerous - Wet Materials Q4	\$ 400	\$ 321	\$ -	\$ 400					
Dangerous - Wet Materials Q5	\$ 500	\$ 401	\$ -	\$ 500					
Dangerous - Wet Materials Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Combustible Liquids Q1	\$ 100	\$ 80	\$ 2,025	\$ 100					
Combustible Liquids Q3	\$ 200	\$ 160	\$ 3,098	\$ 200					
Combustible Liquids Q2	\$ 150	\$ 120	\$ 5,570	\$ 150					
Combustible Liquids Q4	\$ 250	\$ 200	\$ 248	\$ 250					
Combustible Liquids Q5	\$ 300	\$ 240	\$ 238	\$ 300					
Combustible Liquids (5)	\$ -	\$ -	\$ -	\$ -					
Flammable (Liquids, Solids) Q1	\$ 100	\$ 80	\$ 20	\$ 100					
Flammable (Liquids, Solids) Q2	\$ 150	\$ 120	\$ 30	\$ 150					
Flammable (Liquids, Solids) Q3	\$ 200	\$ 160	\$ 40	\$ 200					
Flammable (Liquids, Solids) Q4	\$ 250	\$ 200	\$ 50	\$ 250					
Flammable (Liquids, Solids) Q5	\$ 300	\$ 240	\$ 60	\$ 300					
Flammable (Liquids, Solids) Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Nonflammable Gas Q1	\$ 100	\$ 80	\$ 874	\$ 100					
Nonflammable Gas Q2	\$ 150	\$ 120	\$ 3,396	\$ 150					
Nonflammable Gas Q3	\$ 200	\$ 160	\$ 1,827	\$ 200					
Nonflammable Gas Q4	\$ 250	\$ 200	\$ 348	\$ 250					
Nonflammable Gas Q5	\$ 300	\$ 240	\$ 179	\$ 300					
Nonflammable Gas Q6 (5)	\$ -	\$ -	\$ -	\$ -					

Hazardous Materials Program - Cost of Service Analysis (Wastewater Fund)

Attachment H2

Cost of Service Analysis				Revenue Analysis	Comparables				
Hazardous Materials Programs	Current Fee	Unit Cost	Total Surplus (Subsidy)	Preliminary Fee Recommend. (1)	Milpitas	Palo Alto	San Jose	Santa Clara	Sunnyvale
Radioactive Q1	\$ 125	\$ 100	\$ 372	\$ 125					
Radioactive Q2	\$ 125	\$ 100	\$ -	\$ 125					
Radioactive Q3	\$ 125	\$ 100	\$ -	\$ 125					
Radioactive Q4	\$ 125	\$ 100	\$ -	\$ 125					
Radioactive Q5	\$ 125	\$ 100	\$ -	\$ 125					
Radioactive Q6 (5)	\$ -	\$ -	\$ -	\$ -					
Underground Tank Inspection (per tank)	None	\$ 108	\$ (10,926)	None					
	\$ 314,647		\$ (0)	\$ 314,647					

Summary of Hazardous Materials Programs:			
Revenue Impacts - Fire Safety Inspections		\$ (157,231)	\$ 201,055
Revenue Impacts - Haz. Mat. Permit		\$ (0)	\$ 314,647

- (1) Fees are recommended at 100% cost recovery
- (2) Each occupancy, depending on the types of materials inspected, could be assessed fees for up to a maximum of four fire safety permits.
- (3) Total square footage of buildings containing hazardous materials and requiring a fire safety permit is 14,300,000.
- (4) New fee
- (5) QR6 is an incremental amount added to the QR5 fee based on the type of hazardous materials (i.e. .01 cent/lb for hazardous materials solids in excess of 100,000 lbs.

Note: Some information on this spreadsheet has been changed since the preparation of the fee study report. Those changes are as follows:

- *Plan Review and Inspection - Subsidy impacted by change to revenue at Current Fee changed to reflect actual amount of revenue received during the study period.**
- *Reinspection - Volume statistics reviewed and corrected.**

**SUMMARY OF COMMENTS
FROM THE MAY 5, 2004 DEVELOPMENT FEES STAKEHOLDERS' MEETING**

Category A: Current Development/Economic Climate

- Today is a low point in developer cycle.
 - Is City taking long-term view?
 - Is there a mechanism to lower fees when cycle improves?
- During boom times, fees are rarely reduced because revenue goes to the General Fund.
- Availability of housing/land supplies down.

Category B: General Comments/Concerns Regarding the Fees

- Fee increase sounds like a "stop gap" measure.
- What has happened to the City's structure over the last 10 years?
 - Maybe future looks different.
- Look for reorganization and inefficiencies in processes.
- Feels like a punitive approach to those who want to do business.
- Planning projects benefit whole City.
- Mountain View has recreation and BMR fees as well.
- Look at from a City-wide benefit.
 - Community has to bear some of the cost.
- Has there been consideration of potential land use review to allow developers to recover costs?
 - Increase FARs, small lot, single family.
 - Higher building coverage.

- If 50 percent cost recovery, how do you know how much it costs?
- Community had no input into the study.
 - Should be study to evaluate impact to fees.
- Will not always be an "up" market.
- Are there cities that have been at full cost for years so affected home and real estate can be evaluated? For example, impact on rent control.
- Do not want to stall emerging economic recovery.

Category C: Impact of Fee as Proposed

- Higher service levels increase price of housing.
- Fees amount to \$60,000 to \$100,000 per housing unit.
- Expanding homes – people buy homes with plans to expand; fees often not recovered on sale.
- Impacts rental market as half of rentals are more than 25 years old.
- Proposal affects first-time homebuyers.
- Will affect home ownership.

Category D: Alternatives to Fees as Proposed

- Has City considered fees to generate money over time?
- Has phasing fee increases been considered?
- Offer expedited service on a request basis (Oakland and San Jose expedite).
- Developers will take fewer services.
- Will pay for expedited services.

- Some increase will be accepted; do not make up 10 years of deferred increases at once.
- Make distinction between major and minor modifications.
- Apartment fees should be lower or equivalent to single-family homes.
- Is City accepting designs on-line to avoid copy charges?

NPL/6/MGR
608-05-13-04R^

Fee Recommendations and Options

Attachment J

	<u>Preliminary Fee Recommendation</u>	Est. Revenue Changes <u>Prelim Fee</u>	<u>Option #1</u>	Est. Revenue Changes <u>Option #1</u>	<u>Option #2</u>	Est. Revenue Changes <u>Option #1 & #2</u>
General Fund						
Recreation Services	▪50% - 70% of market average					
	▪Increase to 39% cost recovery overall	\$ 68,600	▪The PRC did not approve the preliminary fee recommendations			
	▪Fee Waiver Program: 50% waiver and \$400 annual cap/family 100% waiver and \$800 annual cap/family (based on school lunch program eligibility)	\$ 30,000 (1)	▪The PRC did approve the recommendation to restructure the Fee Waiver Program and added a waiver category to be based on CSA eligibility	\$ 30,000		\$ 30,000
		<u>\$ 98,600</u>		<u>\$ 30,000</u> (1)		<u>\$ 30,000</u> (1)
Building	▪Increase to 100% cost recovery	\$ 193,000	▪Do not implement a building fee increase but recognize the additional \$200,000 revenue projected to be generated from the anticipated level of building permit activity (2)			
Public Works	▪Increase to nearly 100% cost recovery with exception of services that provide general benefit (83% cost recovery overall)	\$ 200,000	▪Reduce all fees 25% in recognition of the cost of services that provide an overall public benefit.	\$ 150,000		\$ 150,000

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	Preliminary Fee Recommendation	Est. Revenue Changes <u>Prelim Fee</u>	<u>Option #1</u>	Est. Revenue Changes <u>Option #1</u>	<u>Option #2</u>	Est. Revenue Changes <u>Option #1 & #2</u>
Planning	<ul style="list-style-type: none"> ▪100% cost recovery for larger developments with significant entitlement privileges ▪50% cost recovery or current fee for smaller (single family home) developments ▪No increase for public purpose entities (previously set at a low level by Council) ▪Increase to 66% cost recovery overall 		<ul style="list-style-type: none"> ▪100% cost recovery for larger developments with significant entitlement privileges but allow a 50% reduction in fees for housing developments of 2-10 units ▪50% cost recovery or current fee for smaller (SFH) developments ▪No increase for public purpose entities (previously set at a low level by Council) ▪Exclude BMR units from Planning fees ▪Expand to two types of Precise Plan Amendments (Major and Minor) 		<ul style="list-style-type: none"> ▪100% cost recovery for larger developments with significant entitlement privileges but allow a 25% reduction in fees for all housing developments. ▪50% cost recovery or current fee for smaller (SFH) developments ▪No increase for public purpose entities (previously set at a low level by Council) ▪Exclude BMR units from Planning fees ▪Expand to two types of Precise Plan Amendments (Major and Minor) 	
		<u>\$ 150,000</u>		<u>\$ 108,400</u>		<u>\$ 119,900</u>
Total (Recreation, Building, Planning, Public Works).		\$ 641,600		\$ 288,400		\$ 299,900

Fee Recommendations and Options

Attachment J

	<u>Preliminary Fee Recommendation</u>	Est. Revenue Changes <u>Prelim Fee</u>	<u>Option #1</u>	Est. Revenue Changes <u>Option #1</u>	<u>Option #2</u>	Est. Revenue Changes <u>Option #1 & #2</u>
Fire Department Multi-Family Housing Inspection Program \$16.69 flat per unit fee (no program restructuring) (3)	<ul style="list-style-type: none"> ▪Eliminate 1 Inspector position and move to referral/complaint basis ▪Transition to \$10.28 annual per unit flat fee structure 	\$ 37,000	<ul style="list-style-type: none"> ▪Eliminate 1 Inspector position and move to referral/complaint basis ▪Transition to \$10.28 annual per unit flat fee structure and utilize administrative remedies for code violations. Annually review and revise per unit fee to reflect any penalty revenue. 	\$ 37,000 (4)		\$ 37,000
Fire Prevention Fire Safety Permits (\$161 permit fee - no program restructuring) (5)	<ul style="list-style-type: none"> ▪Civilianize DFM position ▪Increase permit from \$88 to \$134 annually ▪Increase hourly re-inspection fee from \$88 to \$113 	\$ 17,100		\$ 17,100		\$ 17,100
Special Events (\$134 hourly rate - no program restructuring) (6)	<ul style="list-style-type: none"> ▪Increase hourly rate from \$109 to \$113 	\$ 1,000		\$ 1,000		\$ 1,000
Multi Family Common Area Inspections	<ul style="list-style-type: none"> ▪No fees recommended - continue General Fund subsidy 	\$ -		\$ -		\$ -
Total Fire Department (7)		\$ 55,100		\$ 55,100		\$ 55,100
Total General Fund		\$ 696,700		\$ 343,500 (8)		\$ 355,000 (8)

Fee Recommendations and Options

Attachment J

Preliminary Fee Recommendation		Est. Revenue Changes <u>Prelim Fee</u>	<u>Option #1</u>	Est. Revenue Changes <u>Option #1</u>	<u>Option #2</u>	Est. Revenue Changes <u>Option #1 & #2</u>
Wastewater Fund						
Hazardous Materials Inspection & Permitting						
Fire Safety Permits	<ul style="list-style-type: none"> ▪Increase permit from \$88 to \$161 annually ▪Institute a Facility Inspection fee to be assessed at .01¢ per square foot 					
		\$ 201,055		\$ 201,055		\$ 201,055
Permits and Inspections	▪No change					
Total Fire Department (Wastewater Fund)		<u>\$ 201,055</u>		<u>\$ 201,055</u>		<u>\$ 201,055</u>

(1) \$30,000 was not included in the FY 04-05 estimated fee revenue as it is not the result of a fee increase but will be realized if the Fee Waiver Program is restructured.

(2) This \$200,000 is not generated from fee increases but is recommended to be included as additional operating revenue in the FY04-05 Proposed Budget as a result of Building permit activity.

(3) A flat per unit fee of \$16.69 set to fully cost recover the current structure of the Multi Family Housing program would generate \$140,000 of additional revenue

(4) Although this option incorporates the utilization of administrative remedies the total amount of revenue would still be the same.

(5) If Council does not approve the recommended civilianization of the Deputy Fire Marshall position, the recommendation discussed at the May 5 study session was to fully cost recover this program with a \$161 permit fee which would generate \$ 24,000 of additional revenue over the amount generated at the current fee.

(6) If Council does not approve the recommended civilianization of the Deputy Fire Marshall position, the recommendation discussed at the May 4 study session was to fully cost recover this program with a \$134 hourly rate which would generate \$4,000 of additional revenue over the amount generated at the current fee.

(7) No potential revenue from the preliminary Fire Department fee recommendations was included in the FY 2004-05 Narrative Budget estimate fee revenue

(8) This amount does not include the \$200,000 recommended to be added to the operating revenue in the FY04-05 Proposed Budget reflecting the level of Building permit activity